

CHAPTER 255

(House Bill 190)

AN ACT concerning

~~Howard County~~ Annual Financial Audit - Filing Date

~~Ho. Co. 06-08~~

FOR the purpose of altering the date by which ~~Howard County~~ *a county, municipal corporation, or taxing district* must file its annual financial audit with the Department of Legislative Services; making stylistic changes; and generally relating to the filing of ~~the annual financial audit by Howard County~~ *annual audit reports of counties, municipal corporations, and taxing districts.*

BY repealing and reenacting, with amendments,
Article 19 – Comptroller
Section ~~40~~ *40(a)*
Annotated Code of Maryland
(2005 Replacement Volume and 2007 Supplement)

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

Article 19 – Comptroller

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 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]~~ ~~**EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THIS**~~ report shall be made to the Legislative Auditor by ~~November 1 after the close of the fiscal year~~ **THE DATE THE COUNTY'S, MUNICIPAL CORPORATION'S, OR TAXING DISTRICT'S FINANCIAL REPORT IS REQUIRED TO BE SUBMITTED UNDER § 37 OF THIS SUBTITLE**, 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]. 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 he 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.

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

~~(H) UNLESS SUBPARAGRAPH (I) OF THIS PARAGRAPH APPLIES, HOWARD COUNTY MAY BY DECEMBER 1 AFTER THE CLOSE OF THE FISCAL YEAR FILE WITH THE DEPARTMENT OF LEGISLATIVE SERVICES ITS ANNUAL FINANCIAL AUDIT.~~

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

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

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

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

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

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

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

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

~~(3) Include the following financial statements:~~

~~(i) Balance sheet;~~

- ~~(ii) Statement of revenues;~~
- ~~(iii) Statement of expenditures and encumbrances; and~~
- ~~(iv) Statement of changes in fund balance; and~~

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

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

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

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

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

Approved by the Governor, April 24, 2008.