

**SB0358/819832/1**

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 358  
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “Local” in line 2 down through “Contributions” in line 3 and substitute “State Department of Education, Maryland Higher Education Commission, and State Retirement Agency”; in line 4, after the first “of” insert “requiring the county boards of education to conduct certain audits under certain circumstances; requiring certain local school systems to reimburse the State for certain employer contributions for certain employees participating in the Teachers’ Retirement System or the Teachers’ Pension System; providing that the State Department of Education may authorize certain county boards of education and public libraries to conduct certain audits;”; strike beginning with “altering” in line 7 down through “contributions;” in line 9 and substitute “clarifying that certain audits conducted by certain groups may be conducted in a certain manner; requiring that reimbursements for certain audits be applied to the State Department of Education, certain county boards of education, the Maryland Higher Education Commission, certain public junior or community colleges, certain public libraries, and the General Fund in a certain manner; requiring certain county boards of education and public libraries to provide certain documentation to the State Department of Education under certain circumstances; providing that the Maryland Higher Education Commission may authorize certain public junior or community colleges to conduct certain audits;”; strike beginning with “requiring” in line 13 down through “Fund;” in line 15 and substitute “requiring certain public junior or community colleges to provide certain documentation to the Maryland Higher Education Commission under certain circumstances; clarifying that the State Retirement Agency may perform certain audits of certain participating employers; requiring that if certain audits by the State Retirement Agency reveal certain information, certain actions shall be taken and certain payments shall be made to the State Retirement and Pension System;”; in

(Over)

line 17, after “employer” insert “and member”; in line 22, after “Section” insert “5-109”; and after line 24, insert:

“BY repealing and reenacting, with amendments,  
Article - State Personnel and Pensions  
Section 21-121  
Annotated Code of Maryland  
(2009 Replacement Volume and 2010 Supplement)”.

AMENDMENT NO. 2

On page 1, after line 27, insert:

“5-109.

(a) **(1)** Each county board shall provide for an annual audit of its financial transactions and accounts.

**(2)** AT THE REQUEST OF THE DEPARTMENT, A COUNTY BOARD SHALL CONDUCT AN AUDIT UNDER § 5-203 OF THIS TITLE.

(b) (1) The audit shall be made by a certified public accountant or a partnership of certified public accountants who are:

(i) Licensed by the State Board of Public Accountancy; and

(ii) Approved by the State Superintendent.

(2) The audit shall be made in accordance with the standards and regulations adopted by the State Board.

(c) (1) The results of the audit, including the letter of recommendation submitted by the auditor, are a matter of public record.

(2) The results shall be reported within 3 months after the close of the fiscal year for the county board on the form and in the manner required by the State Board to:

- (i) The State Superintendent;
- (ii) The county fiscal authority;
- (iii) The Joint Audit Committee of the General Assembly;
- (iv) The Senate Budget and Taxation Committee;
- (v) The Senate Education, Health, and Environmental Affairs Committee;
- (vi) The House Appropriations Committee; and
- (vii) The House Committee on Ways and Means.

(d) In addition to the audit required by this section, the county commissioners or county council may conduct an audit using auditors employed by the county.”.

On page 2, strike in its entirety line 2 and substitute:

**“(A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A LOCAL SCHOOL SYSTEM SHALL REIMBURSE THE STATE ANNUALLY FOR THE EMPLOYER CONTRIBUTIONS MADE BY THE STATE FOR AN EMPLOYEE WHO:**

(Over)

(I) IS A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR THE TEACHERS' PENSION SYSTEM UNDER DIVISION II OF THE STATE PERSONNEL AND PENSIONS ARTICLE; AND

(II) IS RECEIVING A SALARY FUNDED BY A SOURCE OTHER THAN STATE OR LOCAL AID.

(2) TO THE EXTENT THAT AN EMPLOYEE'S SALARY IS FUNDED IN PART BY SOURCES OTHER THAN STATE OR LOCAL AID, THE LOCAL SCHOOL SYSTEM SHALL REIMBURSE THE STATE A PRO RATA SHARE OF THE STATE'S PAYMENT BASED ON THE PERCENTAGE OF THE EMPLOYEE'S SALARY FUNDED BY A SOURCE OTHER THAN STATE OR LOCAL AID.”;

in line 3, strike the first bracket; in the same line, strike beginning with “The” through “DEPARTMENT” and substitute “TO ENSURE THAT EACH LOCAL SCHOOL SYSTEM IS PROPERLY REIMBURSING THE STATE AS PROVIDED UNDER SUBSECTION (A) OF THIS SECTION, THE DEPARTMENT OR, AT THE DEPARTMENT'S REQUEST, A COUNTY BOARD”; strike in their entirety lines 7 through 13, inclusive; after line 13, insert:

“(2) AN AUDIT CONDUCTED UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY BE:

(I) INCLUDED WITH AN EXISTING ANNUAL FINANCIAL AUDIT AS A SUPPLEMENTAL PART AND TESTED INDEPENDENTLY;

(II) CONDUCTED IN CONJUNCTION WITH A SUPPLEMENTAL FEDERALLY MANDATED SINGLE AUDIT OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS AND TESTED INDEPENDENTLY; OR

**(III) CONDUCTED AS A SEPARATE INDEPENDENT AUDIT.**”;

in line 14, strike the brackets; in the same line, strike “(B)”; and in line 26, strike “of Education”.

**AMENDMENT NO. 3**

On page 3, in line 10, in each instance, strike the bracket; in the same line, strike “(C)” and substitute “**(1)**”; in the same line, strike “which result from audits under this section” and substitute “**UNDER SUBSECTION (A) OF THIS SECTION**”; in line 11, strike “(1)” and substitute “**(I)**”; in the same line, strike “reimburse the Agency” and substitute “**THE COST OF ANY AUDIT OR PORTION OF ANY AUDIT RELATING TO SUBSECTION (A) OF THIS SECTION TO REIMBURSE EITHER THE DEPARTMENT OR THE COUNTY BOARD**”; in line 13, strike “(2)” and substitute “**(II)**”; strike beginning with “Agency” in line 13 down through the bracket in line 14 and substitute “**DEPARTMENT OR COUNTY BOARD UNDER ITEM (I) OF THIS PARAGRAPH,**”; and after line 14, insert:

**“(2) IF AN AUDIT UNDER THIS SECTION IS PERFORMED BY A COUNTY BOARD, BEFORE THE COUNTY BOARD IS REIMBURSED UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION, THE COUNTY BOARD SHALL PROVIDE DOCUMENTATION TO THE DEPARTMENT THAT THE INCREMENTAL COSTS OF THE AUDIT INCURRED BY THE COUNTY BOARD ARE REASONABLE.”**

**AMENDMENT NO. 4**

On page 3, in line 16, after “(a)” insert “**(1)**”; strike beginning with “In” in line 16 down through “COMMISSION.” in line 17 and substitute “**SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A PUBLIC JUNIOR OR COMMUNITY COLLEGE SHALL REIMBURSE THE STATE ANNUALLY FOR THE EMPLOYER CONTRIBUTIONS MADE BY THE STATE FOR AN EMPLOYEE WHO:**

(I) IS A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR THE TEACHERS' PENSION SYSTEM UNDER DIVISION II OF THE STATE PERSONNEL AND PENSIONS ARTICLE; AND

(II) IS RECEIVING A SALARY FUNDED BY A SOURCE OTHER THAN STATE OR LOCAL AID.

(2) TO THE EXTENT THAT AN EMPLOYEE'S SALARY IS FUNDED IN PART BY SOURCES OTHER THAN STATE OR LOCAL AID, THE PUBLIC JUNIOR OR COMMUNITY COLLEGE SHALL REIMBURSE THE STATE A PRO RATA SHARE OF THE STATE'S PAYMENT BASED ON THE PERCENTAGE OF THE EMPLOYEE'S SALARY FUNDED BY A SOURCE OTHER THAN STATE OR LOCAL AID.”;

in line 18, after “(b)” insert “(1)”; in the same line, strike beginning with “The” through “COMMISSION” and substitute “TO ENSURE THAT THE PUBLIC JUNIOR OR COMMUNITY COLLEGE IS PROPERLY REIMBURSING THE STATE AS PROVIDED UNDER SUBSECTION (A) OF THIS SECTION, THE COMMISSION OR, AT THE COMMISSION'S REQUEST, A PUBLIC JUNIOR OR COMMUNITY COLLEGE”; and after line 22, insert:

“(2) AN AUDIT CONDUCTED UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY BE:

(I) INCLUDED WITH AN EXISTING ANNUAL FINANCIAL AUDIT AS A SUPPLEMENTAL PART AND TESTED INDEPENDENTLY;

(II) CONDUCTED IN CONJUNCTION WITH A SUPPLEMENTAL FEDERALLY MANDATED SINGLE AUDIT OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS AND TESTED INDEPENDENTLY; OR

**(III) CONDUCTED AS A SEPARATE INDEPENDENT AUDIT.**

**AMENDMENT NO. 5**

On page 4, in line 5, after “(d)” insert “**(1)**”; in the same line, strike “which result from audits under this section [” and substitute “**UNDER SUBSECTION (A) OF THIS SECTION**”; in line 6, strike “(1)” and substitute “**(1)**”; in the same line, strike “reimburse the Agency” and substitute “**THE COST OF ANY AUDIT OR PORTION OF ANY AUDIT RELATING TO SUBSECTION (A) OF THIS SECTION TO REIMBURSE EITHER THE COMMISSION OR THE PUBLIC JUNIOR OR COMMUNITY COLLEGE**”; in line 8, strike “(2)” and substitute “**(II)**”; strike beginning with “Agency” in line 8 down through the bracket in line 9 and substitute “**COMMISSION OR THE PUBLIC JUNIOR OR COMMUNITY COLLEGE UNDER ITEM (I) OF THIS PARAGRAPH,**”; and after line 9, insert:

**“(2) IF AN AUDIT UNDER THIS SECTION IS PERFORMED BY A PUBLIC JUNIOR OR COMMUNITY COLLEGE, BEFORE THE PUBLIC JUNIOR OR COMMUNITY COLLEGE IS REIMBURSED UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION, THE PUBLIC JUNIOR OR COMMUNITY COLLEGE SHALL PROVIDE DOCUMENTATION TO THE COMMISSION THAT THE INCREMENTAL COSTS OF THE AUDIT INCURRED BY THE PUBLIC JUNIOR OR COMMUNITY COLLEGE ARE REASONABLE.”**

**AMENDMENT NO. 6**

On page 4, strike in its entirety line 11 and substitute:

**“(A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A PUBLIC LIBRARY SHALL REIMBURSE THE STATE ANNUALLY FOR THE EMPLOYER CONTRIBUTIONS MADE BY THE STATE FOR AN EMPLOYEE WHO:**

(I) IS A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR THE TEACHERS' PENSION SYSTEM UNDER DIVISION II OF THE STATE PERSONNEL AND PENSIONS ARTICLE; AND

(II) IS RECEIVING A SALARY FUNDED BY A SOURCE OTHER THAN STATE OR LOCAL AID.

(2) TO THE EXTENT THAT AN EMPLOYEE'S SALARY IS FUNDED IN PART BY SOURCES OTHER THAN STATE OR LOCAL AID, THE PUBLIC LIBRARY SHALL REIMBURSE THE STATE A PRO RATA SHARE OF THE STATE'S PAYMENT BASED ON THE PERCENTAGE OF THE EMPLOYEE'S SALARY FUNDED BY A SOURCE OTHER THAN STATE OR LOCAL AID.”;

in line 12, strike the first bracket and substitute “(1)”; in the same line, strike beginning with “The” through “DEPARTMENT” and substitute “TO ENSURE THAT EACH PUBLIC LIBRARY IS PROPERLY REIMBURSING THE STATE AS PROVIDED UNDER SUBSECTION (A) OF THIS SECTION, THE DEPARTMENT OR, AT THE DEPARTMENT'S REQUEST, A PUBLIC LIBRARY”; after line 15, insert:

“(2) AN AUDIT CONDUCTED UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY BE:

(I) INCLUDED WITH AN EXISTING ANNUAL FINANCIAL AUDIT AS A SUPPLEMENTAL PART AND TESTED INDEPENDENTLY;

(II) CONDUCTED IN CONJUNCTION WITH A SUPPLEMENTAL FEDERALLY MANDATED SINGLE AUDIT OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS AND TESTED INDEPENDENTLY; OR

(III) CONDUCTED AS A SEPARATE INDEPENDENT AUDIT.”;



in line 16, strike the brackets; in the same line, strike “(B)”; and in line 28, strike “of Education”.

AMENDMENT NO. 7

On page 4, in line 33, in each instance, strike the bracket; in the same line, strike “(C)” and substitute “(1)”; and in the same line, strike “which result from audits under this section” and substitute “UNDER SUBSECTION (A) OF THIS SECTION”.

On page 5, in line 1, strike “(1)” and substitute “(I)”; in the same line, strike “reimburse the Agency” and substitute “THE COST OF ANY AUDIT OR PORTION OF ANY AUDIT RELATING TO SUBSECTION (A) OF THIS SECTION TO REIMBURSE EITHER THE DEPARTMENT OR THE PUBLIC LIBRARY”; in line 3, strike “(2)” and substitute “(II)”; strike beginning with “Agency” in line 3 down through the bracket in line 4 and substitute “DEPARTMENT OR PUBLIC LIBRARY UNDER ITEM (I) OF THIS PARAGRAPH,”; and after line 4, insert:

“(2) IF AN AUDIT UNDER THIS SECTION IS PERFORMED BY A PUBLIC LIBRARY, BEFORE THE PUBLIC LIBRARY IS REIMBURSED UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION, THE PUBLIC LIBRARY SHALL PROVIDE DOCUMENTATION TO THE DEPARTMENT THAT THE INCREMENTAL COSTS OF THE AUDIT INCURRED BY THE PUBLIC LIBRARY ARE REASONABLE.”

AMENDMENT NO. 8

On page 5, before line 5, insert:

“Article – State Personnel and Pensions

21–121.

(Over)

(A) [Whenever an audit of the records of an educational institution, public library, or school system reveals that the institution, library, or school system owes money to the accumulation fund of the Teachers' Retirement System or the Teachers' Pension System, the State Retirement Agency may collect the delinquent payment as provided under §§ 5-203, 16-306, and 23-504 of the Education Article.]THE STATE RETIREMENT AGENCY MAY AT ANY TIME EXAMINE THE RECORDS OF A PARTICIPATING EMPLOYER TO DETERMINE WHETHER THE PAYMENT OF BENEFITS TO A PARTICIPANT AND THE PAYMENT OF CONTRIBUTIONS BY A PARTICIPATING EMPLOYER OR PARTICIPANT ARE AND WILL BE IN ACCORDANCE WITH THE PROVISIONS OF DIVISION II OF THIS ARTICLE.

(B) WHENEVER AN AUDIT REVEALS THAT THE PAYMENT OF BENEFITS TO A PARTICIPANT OR THE PAYMENT OF CONTRIBUTIONS BY A PARTICIPATING EMPLOYER OR PARTICIPANT IS NOT IN ACCORDANCE WITH THE PROVISIONS OF DIVISION II OF THIS ARTICLE:

(1) THE STATE RETIREMENT AGENCY AND PARTICIPATING EMPLOYER SHALL CORRECT THEIR RECORDS; AND

(2) (I) THE PARTICIPATING EMPLOYER SHALL PAY ANY AMOUNTS OWED TO THE ACCUMULATION FUND OF THE APPROPRIATE STATE SYSTEM; AND

(II) THE MEMBER CONTRIBUTIONS OWED BY THE PARTICIPANT SHALL BE MADE BY THE PARTICIPANT IN ACCORDANCE WITH § 21-312(E) OF THIS TITLE.”