

# SENATE BILL 858

P1

(6lr3596)

## ENROLLED BILL

— Budget and Taxation/Government, Labor, and Elections —

Introduced by **Senator Hettleman (By Request – Joint Audit and Evaluation Committee) and Senators Augustine, Bailey, Beidle, Brooks, Carozza, Charles, Corderman, Feldman, Ferguson, Gallion, Gile, Guzzone, Harris, Hayes, Henson, Hershey, Hester, Jackson, James, Jennings, Kagan, King, Kramer, Lam, Lewis Young, Love, Mautz, McCray, McKay, Muse, Ready, Rosapepe, Salling, Smith, Sydnor, Waldstreicher, A. Washington, M. Washington, Watson, West, and Zucker**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.  
\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.  
\_\_\_\_\_  
President.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Department of Budget and Management – Audit and Finance Compliance Unit –**  
3 **Establishment**

4 FOR the purpose of establishing the Audit and Finance Compliance Unit in the Department  
5 of Budget and Management; requiring the Governor to implement systems and  
6 processes to monitor certain efforts; requiring the Unit to carry out certain  
7 responsibilities and perform certain duties, including monitoring efforts of Executive  
8 ~~Branch agencies~~ Departmental Units to correct certain audit findings and  
9 ~~implement certain corrective actions~~ provide certain guidance, coordination, and

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#### 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.

*Italics indicate opposite chamber/conference committee amendments.*



1 technical assistance; requiring the Unit to establish a certain specialized team to  
 2 provide certain direct assistance to certain ~~agencies~~ Executive Departmental Units  
 3 under certain circumstances; requiring the Unit to ~~establish and maintain a~~  
 4 ~~dashboard with certain information on its website~~ submit a certain annual report by  
 5 a certain date each year; authorizing certain unredacted cybersecurity findings to be  
 6 viewed by certain individuals; and generally relating to the establishment of the  
 7 Audit and Finance Compliance Unit in the Department of Budget and Management.

8 BY repealing and reenacting, without amendments,

9 Article – State Finance and Procurement

10 Section 3–101

11 Annotated Code of Maryland

12 (2021 Replacement Volume and 2025 Supplement)

13 BY adding to

14 Article – State Finance and Procurement

15 Section 3–401 through 3–407 to be under the new subtitle “Subtitle 4. Audit and  
 16 Finance Compliance Unit”

17 Annotated Code of Maryland

18 (2021 Replacement Volume and 2025 Supplement)

19 BY repealing and reenacting, without amendments,

20 Article – State Government

21 Section 2–1224(h)(1)

22 Annotated Code of Maryland

23 (2021 Replacement Volume and 2025 Supplement)

24 BY repealing and reenacting, with amendments,

25 Article – State Government

26 Section 2–1224(i)

27 Annotated Code of Maryland

28 (2021 Replacement Volume and 2025 Supplement)

29 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

30 That the Laws of Maryland read as follows:

31 **Article – State Finance and Procurement**

32 3–101.

33 (a) In this title the following words have the meanings indicated.

34 (b) “Department” means the Department of Budget and Management.

35 (c) “Secretary” means the Secretary of Budget and Management.

1                   **SUBTITLE 4. AUDIT AND FINANCE COMPLIANCE UNIT.**

2   **3-401.**

3           ~~(A) IN THIS SUBTITLE, THE FOLLOWING WORDS HAVE THE MEANINGS~~  
4 ~~INDICATED.~~

5           ~~(B) "AGENCY" MEANS AN ENTITY OF THE EXECUTIVE BRANCH OF STATE~~  
6 ~~GOVERNMENT.~~

7           ~~(C) "UNIT" MEANS THE AUDIT AND FINANCE COMPLIANCE UNIT.~~

8   **3-402.**

9           **THERE IS AN AUDIT AND FINANCE COMPLIANCE UNIT IN THE DEPARTMENT.**

10   **3-403.**

11           **(A) IN ACCORDANCE WITH § 2-1224(H)(1) OF THE STATE GOVERNMENT**  
12 **ARTICLE, THE GOVERNOR SHALL IMPLEMENT SYSTEMS AND PROCESSES TO**  
13 **MONITOR THE EFFORTS OF THE EXECUTIVE DEPARTMENTAL UNITS TO CORRECT**  
14 **AUDIT FINDINGS REPORTED BY THE OFFICE OF LEGISLATIVE AUDITS.**

15           **(B) THE UNIT IS RESPONSIBLE FOR MONITORING THE EFFORTS OF**  
16 ~~AGENCIES~~ **EXECUTIVE DEPARTMENTAL UNITS IN CORRECTING AUDIT FINDINGS**  
17 **REPORTED BY THE OFFICE OF LEGISLATIVE AUDITS IN ACCORDANCE WITH TITLE**  
18 **2, SUBTITLE 12, PART IV OF THE STATE GOVERNMENT ARTICLE.**

19   **3-404.**

20           **(A) IN CARRYING OUT ITS RESPONSIBILITIES, THE UNIT SHALL ASSIST**  
21 ~~AGENCIES~~ **EXECUTIVE DEPARTMENTAL UNITS WITH THE RESOLUTION OF AUDIT**  
22 **FINDINGS BY:**

23                   **(1) PROVIDING OBJECTIVE ASSESSMENT OF CORRECTIVE ACTIONS;**  
24 **AND**

25                   **(2) MONITORING PROGRESS IN THE IMPLEMENTATION OF**  
26 **CORRECTIVE ACTIONS.**

27           **(B) THE UNIT MAY ~~IMPLEMENT PROACTIVE STEPS TO ADDRESS AND~~**  
28 ~~PREVENT AUDIT FINDINGS THROUGH ADVICE AND SUPPORT PROVIDED TO~~  
29 ~~AGENCIES~~ **PROVIDE GUIDANCE, COORDINATION, AND TECHNICAL ASSISTANCE TO**

1 EXECUTIVE DEPARTMENTAL UNITS TO STRENGTHEN EFFORTS TO ADDRESS AND  
2 PREVENT AUDIT FINDINGS AND TO STRENGTHEN INTERNAL CONTROLS AND  
3 COMPLIANCE PRACTICES.

4 **3-405.**

5 (A) THE UNIT SHALL PROVIDE DIRECT ASSISTANCE TO ~~AGENCIES~~  
6 EXECUTIVE DEPARTMENTAL UNITS WITH:

7 (1) FOUR OR MORE REPEAT AUDIT FINDINGS; OR

8 (2) ~~AS REQUESTED BY THE JOINT AUDIT AND EVALUATION~~  
9 COMMITTEE UNSATISFACTORY AUDITS.

10 (B) THE DIRECT ASSISTANCE PROVIDED UNDER SUBSECTION (A) OF THIS  
11 SECTION SHALL INCLUDE:

12 (1) ~~ADVICE AND SUPPORT TO DEVELOP CORRECTIVE ACTIONS AS~~  
13 SOON AS PRACTICABLE, A REVIEW OF THE TIMELINE DEVELOPED BY THE  
14 EXECUTIVE DEPARTMENTAL UNIT FOR THE IMPLEMENTATION OF CORRECTIVE  
15 ACTIONS FOR EACH RECOMMENDATION TO ENSURE THAT THE TIMELINE HAS  
16 ACHIEVABLE COMPLETION DATES;

17 (2) A REVIEW OF RESOLUTION ACTIONS ON EACH FINDING WITH A  
18 FOCUS ON REPEAT AND SIGNIFICANT FINDINGS TO PROVIDE ADVICE AND SUPPORT  
19 IN ASSISTING WITH THE DEVELOPMENT OF CORRECTIVE ACTIONS;

20 (3) PERFORMING SAMPLE TESTS OF IMPLEMENTED CORRECTIVE  
21 ACTIONS, AS NEEDED; AND

22 (4) MONITORING PROGRESS ~~IN~~ OF THE IMPLEMENTATION OF  
23 ~~CORRECTION~~ CORRECTIVE ACTIONS UNTIL THE LEGISLATIVE AUDITORS RETURN TO  
24 BEGIN THE NEXT RELATED FISCAL COMPLIANCE AUDIT.

25 (C) (1) THE UNIT SHALL ESTABLISH A SPECIALIZED TEAM TO PROVIDE  
26 THE DIRECT ASSISTANCE REQUIRED UNDER THIS SECTION.

27 (2) THE SPECIALIZED TEAM ESTABLISHED IN PARAGRAPH (1) OF  
28 THIS SUBSECTION MAY INCLUDE CURRENT STATE EMPLOYEES, CURRENT  
29 CONTRACTUAL EMPLOYEES, AND EXTERNAL CONTRACTORS.

30 **3-406.**

1 ~~(A) THE UNIT SHALL MAINTAIN A DASHBOARD ON CURRENT AND REPEAT~~  
2 ~~AUDIT FINDINGS ON ITS WEBSITE.~~

3 ~~(B) (1) THE DASHBOARD REQUIRED UNDER SUBSECTION (A) OF THIS~~  
4 ~~SECTION SHALL INCLUDE ALL AUDIT FINDINGS FOR AGENCIES UNDER~~  
5 ~~EXAMINATION EACH YEAR, ORGANIZED BY UNITS OF THE AGENCY.~~

6 ~~(2) FOR EACH FINDING, THE DASHBOARD SHALL INCLUDE:~~

7 (A) ON OR BEFORE OCTOBER 1 EACH YEAR, THE UNIT SHALL SUBMIT AN  
8 ANNUAL REPORT TO THE JOINT AUDIT AND EVALUATION COMMITTEE, IN  
9 ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON ALL AUDIT  
10 FINDINGS FOR EXECUTIVE DEPARTMENTAL UNITS UNDER EXAMINATION.

11 (B) THE REPORT SHALL INCLUDE THE FOLLOWING INFORMATION FOR  
12 EACH FINDING:

13 ~~(I)~~ (1) THE RECOMMENDATIONS OF THE OFFICE OF  
14 LEGISLATIVE AUDITS;

15 ~~(II)~~ (2) THE NUMBER OF YEARS THAT A REPEAT FINDING  
16 REMAINS UNRESOLVED;

17 ~~(III)~~ (3) THE PROJECTED COMPLETION DATE ~~OF THE~~ FOR  
18 RESOLUTION OF A FINDING;

19 ~~(IV)~~ (4) INFORMATION ON UNRESOLVED FINDINGS,  
20 INCLUDING THE REASON A FINDING IS UNRESOLVED; AND

21 ~~(V) (5) A GRAPHIC REPRESENTATION OF THE PROGRESS OF~~  
22 ~~CORRECTIVE ACTIONS THAT INCLUDES WHETHER THE FINDING IS UNRESOLVED, IN~~  
23 ~~PROGRESS, OR RESOLVED~~ THE PROGRESS OF CORRECTIVE ACTIONS THAT INCLUDES  
24 WHETHER THE FINDING IS UNRESOLVED, IN PROGRESS, OR RESOLVED.

25 ~~(C) THE DASHBOARD SHALL BE FULLY OPERATIONAL ON OR BEFORE~~  
26 ~~OCTOBER 1, 2027.~~

27 3-407.

28 THE SECRETARY MAY ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.

1 2-1224.

2 (h) (1) The Governor and the Chief Justice of the Supreme Court of Maryland  
3 shall implement systems and processes to monitor the efforts of the Executive  
4 Departmental Units and the Judiciary, respectively, to correct audit findings reported by  
5 the Office of Legislative Audits.

6 (i) **(1)** A report auditing a unit of State or local government shall have any  
7 cybersecurity findings redacted in a manner consistent with auditing best practices before  
8 the report is made available to the public.

9 **(2)** AN UNREDACTED CYBERSECURITY FINDING IN A REPORT  
10 AUDITING A UNIT OF STATE OR LOCAL GOVERNMENT MAY BE VIEWED BY:

11 (I) MEMBERS OF THE JOINT AUDIT AND EVALUATION  
12 COMMITTEE;

13 (II) MEMBERS OF THE JOINT COMMITTEE ON CYBERSECURITY,  
14 INFORMATION TECHNOLOGY, AND BIOTECHNOLOGY;

15 (III) THE CHAIR AND THE SUBCOMMITTEE CHAIRS OF THE  
16 SENATE BUDGET AND TAXATION COMMITTEE;

17 (IV) THE CHAIR AND THE SUBCOMMITTEE CHAIRS OF THE  
18 HOUSE APPROPRIATIONS COMMITTEE;

19 (V) THE GOVERNOR, THE GOVERNOR'S CHIEF OF STAFF, AND  
20 THE GOVERNOR'S DEPUTY CHIEFS OF STAFF; AND

21 (VI) THE AUDIT AND FINANCE COMPLIANCE UNIT IN THE  
22 DEPARTMENT OF BUDGET AND MANAGEMENT.

23 ~~SECTION 2. AND BE IT FURTHER ENACTED, That, on or before October 1, 2026,~~  
24 ~~and October 1, 2027, the Audit and Finance Compliance Unit shall report to the Joint Audit~~  
25 ~~and Evaluation Committee, in accordance with § 2-1257 of the State Government Article,~~  
26 ~~on the status of the dashboard required under § 3-406 of the State Finance and~~  
27 ~~Procurement Article, as enacted by Section 1 of this Act.~~

28 SECTION ~~2~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 July 1, 2026.