

SENATE BILL 1061

P1, B1, R2

2lr2995

By: **Senator Pipkin**

Introduced and read first time: February 29, 2012

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Office of Legislative Audits – Managing for Results Audits of Department of**
3 **Transportation Modal Administrations**

4 FOR the purpose of requiring the Office of Legislative Audits to conduct managing for
5 results audits, over a certain period, of the modal administrations of the
6 Department of Transportation; defining a term; and generally relating to
7 managing for results audits by the Office of Legislative Audits.

8 BY repealing and reenacting, without amendments,
9 Article – State Finance and Procurement
10 Section 3–1002(c)
11 Annotated Code of Maryland
12 (2009 Replacement Volume and 2011 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – State Government
15 Section 2–1220
16 Annotated Code of Maryland
17 (2009 Replacement Volume and 2011 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – State Government
20 Section 2–1221(b)
21 Annotated Code of Maryland
22 (2009 Replacement Volume and 2011 Supplement)

23 BY repealing and reenacting, without amendments,
24 Article – Transportation
25 Section 1–101(i)
26 Annotated Code of Maryland
27 (2008 Replacement Volume and 2011 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – State Finance and Procurement**

4 3–1002.

5 (c) Except as otherwise provided in this subtitle, with its annual budget
6 submission to the Department, an agency shall develop and submit to the Department
7 as part of the budget process a managing for results agency strategic plan that shall
8 include:

9 (1) a mission statement;

10 (2) a description of the agency’s goals;

11 (3) a description of the objectives and performance measures
12 implemented at the program level to achieve the agency’s goals, including:

13 (i) performance measure statistics for at least the 2 most
14 recently completed fiscal years; and

15 (ii) performance measure estimates for the current year
16 appropriation and budget request year;

17 (4) a discussion of the agency’s progress in meeting its goals and
18 performance measures and any challenges the agency has faced in working toward its
19 goals;

20 (5) a description of the internal controls established to ensure
21 reliability of the data collected for each performance measure; and

22 (6) an identification of the customers and stakeholders served.

23 **Article – State Government**

24 2–1220.

25 (a) (1) In this subsection, “unit” includes each State department, agency,
26 unit, and program, including each clerk of court and each register of wills.

27 (2) (i) At least once every 3 years, the Office of Legislative Audits
28 shall conduct a fiscal/compliance audit of each unit of the State government, except for
29 units in the Legislative Branch.

1 (ii) In determining the audit schedule for a unit, the Office of
2 Legislative Audits shall take into consideration:

3 1. the materiality and risk of the unit's fiscal activities
4 with respect to the State's fiscal activities;

5 2. the complexity of the unit's fiscal structure; and

6 3. the nature and extent of audit findings in the unit's
7 prior audit reports.

8 (iii) Each agency or program may be audited separately or as
9 part of a larger organizational unit of State government.

10 (3) Performance audits or financial statement audits shall be
11 conducted when authorized by the Legislative Auditor, when directed by the Joint
12 Audit Committee or the Executive Director, or when otherwise required by law.

13 (4) (i) In addition to the audits required under paragraph (2) of
14 this subsection, the Office of Legislative Audits may conduct a review when the
15 objectives of the work to be performed can be satisfactorily fulfilled without conducting
16 an audit as prescribed in § 2-1221 of this subtitle.

17 (ii) 1. The Office of Legislative Audits has the authority to
18 conduct a separate investigation of an act or allegation of fraud, waste, or abuse in the
19 obligation, expenditure, receipt, or use of State resources.

20 2. The Legislative Auditor shall determine whether an
21 investigation shall be conducted in conjunction with an audit undertaken in
22 accordance with this subsection or separately.

23 (5) If, on request of the Comptroller, the Joint Audit Committee so
24 directs, the Office of Legislative Audits shall audit or review a claim that has been
25 presented to the Comptroller for payment of an expenditure or disbursement and that
26 is alleged to have been made by or for an officer or unit of the State government.

27 (6) The Office of Legislative Audits shall conduct an audit or review to
28 determine the accuracy of information about or procedures of a unit of the State
29 government, as directed by the Joint Audit Committee or the Executive Director.

30 **(7) (I) IN THIS PARAGRAPH, "MODAL ADMINISTRATION" HAS**
31 **THE MEANING STATED IN § 1-101 OF THE TRANSPORTATION ARTICLE.**

32 **(II) NOTWITHSTANDING PARAGRAPH (2) OF THIS**
33 **SUBSECTION, AT LEAST ONCE EVERY 4 YEARS THE OFFICE OF LEGISLATIVE**
34 **AUDITS SHALL CONDUCT A MANAGING FOR RESULTS AUDIT OF THE MANAGING**

1 **FOR RESULTS AGENCY STRATEGIC PLAN SUBMITTED BY THE DEPARTMENT OF**
2 **TRANSPORTATION UNDER § 3-1002(C) OF THE STATE FINANCE AND**
3 **PROCUREMENT ARTICLE, AS IT RELATES TO AT LEAST ONE OF THE MODAL**
4 **ADMINISTRATIONS.**

5 (b) If the General Assembly, by resolution, or the Joint Audit Committee so
6 directs, the Office of Legislative Audits shall conduct an audit or review of a
7 corporation or association to which the General Assembly has appropriated money or
8 that has received funds from an appropriation from the State Treasury.

9 (c) The Office of Legislative Audits may audit any county officer or unit that
10 collects State taxes.

11 (d) (1) The Office of Legislative Audits shall review any audit report
12 prepared under the authority of:

13 (i) Article 19, § 40 of the Code, with respect to a county,
14 municipal corporation, or taxing district; or

15 (ii) § 16-315 of the Education Article, with respect to a
16 community college.

17 (2) The results of any review made by the Office of Legislative Audits
18 under paragraph (1) of this subsection shall be reported as provided in § 2-1224 of this
19 subtitle.

20 (e) (1) At least once every 6 years, the Office of Legislative Audits shall
21 conduct an audit of each local school system to evaluate the effectiveness and
22 efficiency of the financial management practices of the local school system.

23 (2) The audits may be performed concurrently or separately.

24 (3) The Office of Legislative Audits shall provide information
25 regarding the audit process to the local school system before the audit is conducted.

26 (f) (1) At least once every 3 years, the Office of Legislative Audits shall
27 conduct a performance audit of the Board of Liquor License Commissioners for
28 Baltimore City to evaluate the effectiveness and efficiency of the management
29 practices of the Board and of the economy with which the Board uses resources.

30 (2) The performance audit shall focus on operations relating to liquor
31 inspections, licensing, disciplinary procedures, and management oversight.

32 2-1221.

33 (b) A performance audit conducted by the Office of Legislative Audits may
34 include:

