

HOUSE BILL 1328

P1

2lr2988

By: **Delegates McDermott, Cluster, Aumann, Bates, Dwyer, Eckardt, Elliott, Fisher, Frank, George, Glass, Haddaway–Riccio, Hershey, Hough, Jacobs, Kach, Kipke, Krebs, W. Miller, Myers, Norman, O’Donnell, Otto, Parrott, Ready, Stocksdale, and Vitale**

Introduced and read first time: February 16, 2012

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **State Government – Independent Audits of Units – Requirement**

3 FOR the purpose of requiring a unit of State government to be audited by an
4 independent auditor beginning on a certain date and at certain times thereafter;
5 requiring that the audit cover certain fiscal years and that a certain report be
6 submitted to the Department of Budget and Management by a certain date;
7 requiring the Department to contract with a certain auditor for a certain
8 purpose; authorizing a certain auditor to be paid only by a certain method;
9 defining certain terms; and generally relating to independent audits of units of
10 State government.

11 BY adding to

12 Article – State Government

13 Section 8–601 and 8–602 to be under the new subtitle “Subtitle 6. Audits”

14 Annotated Code of Maryland

15 (2009 Replacement Volume and 2011 Supplement)

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

18 **Article – State Government**

19 **SUBTITLE 6. AUDITS.**

20 **8–601.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
2 **INDICATED.**

3 **(B) “DEPARTMENT” MEANS THE DEPARTMENT OF BUDGET AND**
4 **MANAGEMENT.**

5 **(C) “UNIT OF STATE GOVERNMENT” MEANS AN AGENCY OR UNIT OF**
6 **THE EXECUTIVE BRANCH OF STATE GOVERNMENT.**

7 **8-602.**

8 **(A) BEGINNING JULY 1, 2014, AND EVERY 2 FISCAL YEARS**
9 **THEREAFTER, EACH UNIT OF STATE GOVERNMENT SHALL BE AUDITED BY AN**
10 **INDEPENDENT AUDITOR.**

11 **(B) AN AUDIT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**
12 **SHALL COVER THE 2 FISCAL YEARS IMMEDIATELY PRECEDING THE FISCAL YEAR**
13 **IN WHICH THE AUDIT IS UNDERTAKEN.**

14 **(C) A REPORT THAT CONTAINS THE RESULT OF AN AUDIT REQUIRED**
15 **UNDER SUBSECTION (A) OF THIS SECTION SHALL BE SUBMITTED TO THE**
16 **DEPARTMENT BY DECEMBER 31 OF THE FISCAL YEAR IN WHICH THE AUDIT WAS**
17 **UNDERTAKEN.**

18 **(D) (1) THE DEPARTMENT SHALL CONTRACT WITH AN INDEPENDENT**
19 **AUDITOR TO COMPLETE AN AUDIT OF A UNIT OF STATE GOVERNMENT AS**
20 **REQUIRED UNDER SUBSECTION (A) OF THIS SECTION.**

21 **(2) THE INDEPENDENT AUDITOR THAT THE DEPARTMENT**
22 **RETAINS UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY BE PAID ONLY BY**
23 **RECEIVING A PERCENTAGE OF ANY MONEY RECOVERED AS A RESULT OF THE**
24 **AUDIT.**

25 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
26 **October 1, 2012.**