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BILL: House Bill 352
TITLE: Office of Legislative Audits – Local School System Audits – Repeal-
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POSITION: SUPPORT
COMMITTEE: Appropriations
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House Bill 352 repeals the requirement that the Office of Legislative Audits conduct audits of local school systems at least once every 6 years; repealing the requirement for the Legislative Auditor to appoint professional staff to conduct audits of local school systems.

PSSAM **supports** House Bill 352 for the following reasons:

We appreciate the need for and understand the necessity of regular audits. However, an enormous amount of staff time with labor-intensive assistance is provided to auditors so they can efficiently conduct their jobs. Staff is conducting research, providing necessary documentation, answering questions and actively engaging in two-way communication. Legislative auditors typically spend from six to ten months on-site at the local systems' administrative offices. Local systems are justified in their concern about the amount of staff time spent responding to auditors, particularly when there appears to be a duplication of effort.

Unlike other state agencies who typically respond to only one audit, the financial and program management of local school systems has a number of audits and compliance reviews that are also required. Several examples follow:

- Annual required independent audit conducted by a Certified Public Accountant firm that produces audited financial statements, A-133 Federal audited statements, and Audit Communications report.
- Maryland State Department of Education (MSDE) audits every two years of major state aid programs and an enrollment verification audit. Although they are on-site every two years for these audits, they audit two years' worth of data each audit, so in essence, they audit every year.
- Public School Construction audit conducted every five years (at minimum) of major school construction projects and compliance with Minority Business Enterprise requirements.
- MSDE program audits of Title I, special education, and food services. Most of these audits are conducted on-site and occur annually.
- Federal audits of major federal programs, primarily Early Head Start, Title I, and food services.
- Retirement system audits.

PSSAM believes the fiscal oversight delivered through multiple and regular audits as listed above provides for sustained and in-depth financial analysis of local school system spending. HB352 - AuWe also support the provisions in State law that would allow for the Department of Legislative Services (DLS) review of information if a school system ends up with a deficit, which triggers reporting and corrective action requirements.

For the reasons listed above, PSSAM **SUPPORTS** HB 352 and urges a favorable committee report.

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