

SENATE BILL 858

P1

6lr3596
CF HB 1369

By: **Senator Hettleman (By Request – Joint Audit and Evaluation Committee)**

Introduced and read first time: February 6, 2026

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 3, 2026

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
10 technical assistance; requiring the Unit to establish a certain specialized team to
11 provide certain direct assistance to certain ~~agencies~~ Executive Departmental Units
12 under certain circumstances; requiring the Unit to ~~establish and maintain a~~
13 ~~dashboard with certain information on its website~~ submit a certain annual report by
14 a certain date each year; authorizing certain unredacted cybersecurity findings to be
15 viewed by certain individuals; and generally relating to the establishment of the
16 Audit and Finance Compliance Unit in the Department of Budget and Management.

17 BY repealing and reenacting, without amendments,
18 Article – State Finance and Procurement
19 Section 3–101
20 Annotated Code of Maryland
21 (2021 Replacement Volume and 2025 Supplement)

22 BY adding to
23 Article – State Finance and Procurement

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.



1 Section 3–401 through 3–407 to be under the new subtitle “Subtitle 4. Audit and
 2 Finance Compliance Unit”
 3 Annotated Code of Maryland
 4 (2021 Replacement Volume and 2025 Supplement)

5 BY repealing and reenacting, without amendments,
 6 Article – State Government
 7 Section 2–1224(h)(1)
 8 Annotated Code of Maryland
 9 (2021 Replacement Volume and 2025 Supplement)

10 BY repealing and reenacting, with amendments,
 11 Article – State Government
 12 Section 2–1224(i)
 13 Annotated Code of Maryland
 14 (2021 Replacement Volume and 2025 Supplement)

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

17 **Article – State Finance and Procurement**

18 3–101.

- 19 (a) In this title the following words have the meanings indicated.
 20 (b) “Department” means the Department of Budget and Management.
 21 (c) “Secretary” means the Secretary of Budget and Management.

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

23 **3–401.**

24 ~~(A) IN THIS SUBTITLE, THE FOLLOWING WORDS HAVE THE MEANINGS~~
 25 ~~INDICATED.~~

26 ~~(B) “AGENCY” MEANS AN ENTITY OF THE EXECUTIVE BRANCH OF STATE~~
 27 ~~GOVERNMENT.~~

28 ~~(C) “UNIT” MEANS THE AUDIT AND FINANCE COMPLIANCE UNIT.~~

29 **3–402.**

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

1 **3-403.**

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

6 (B) THE UNIT IS RESPONSIBLE FOR MONITORING THE EFFORTS OF
7 ~~AGENCIES~~ EXECUTIVE DEPARTMENTAL UNITS IN CORRECTING AUDIT FINDINGS
8 REPORTED BY THE OFFICE OF LEGISLATIVE AUDITS IN ACCORDANCE WITH TITLE
9 2, SUBTITLE 12, PART IV OF THE STATE GOVERNMENT ARTICLE.

10 **3-404.**

11 (A) IN CARRYING OUT ITS RESPONSIBILITIES, THE UNIT SHALL ASSIST
12 ~~AGENCIES~~ EXECUTIVE DEPARTMENTAL UNITS WITH THE RESOLUTION OF AUDIT
13 FINDINGS BY:

14 (1) PROVIDING OBJECTIVE ASSESSMENT OF CORRECTIVE ACTIONS;
15 AND

16 (2) MONITORING PROGRESS IN THE IMPLEMENTATION OF
17 CORRECTIVE ACTIONS.

18 (B) THE UNIT MAY ~~IMPLEMENT PROACTIVE STEPS TO ADDRESS AND~~
19 ~~PREVENT AUDIT FINDINGS THROUGH ADVICE AND SUPPORT PROVIDED TO~~
20 ~~AGENCIES~~ PROVIDE GUIDANCE, COORDINATION, AND TECHNICAL ASSISTANCE TO
21 EXECUTIVE DEPARTMENTAL UNITS TO STRENGTHEN EFFORTS TO ADDRESS AND
22 PREVENT AUDIT FINDINGS AND TO STRENGTHEN INTERNAL CONTROLS AND
23 COMPLIANCE PRACTICES.

24 **3-405.**

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

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

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

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

3 (1) ~~ADVICE AND SUPPORT TO DEVELOP CORRECTIVE ACTIONS AS~~
4 SOON AS PRACTICABLE, A REVIEW OF THE TIMELINE DEVELOPED BY THE
5 EXECUTIVE DEPARTMENTAL UNIT FOR THE IMPLEMENTATION OF CORRECTIVE
6 ACTIONS FOR EACH RECOMMENDATION TO ENSURE THAT THE TIMELINE HAS
7 ACHIEVABLE COMPLETION DATES;

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

11 (3) PERFORMING SAMPLE TESTS OF IMPLEMENTED CORRECTIVE
12 ACTIONS, AS NEEDED; AND

13 (4) MONITORING PROGRESS ~~IN~~ OF THE IMPLEMENTATION OF
14 CORRECTION ACTIONS UNTIL THE LEGISLATIVE AUDITORS RETURN TO BEGIN THE
15 NEXT RELATED FISCAL COMPLIANCE AUDIT.

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

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

21 3-406.

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

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

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

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

1 (B) THE REPORT SHALL INCLUDE THE FOLLOWING INFORMATION FOR
 2 EACH FINDING:

3 ~~(I)~~ (1) THE RECOMMENDATIONS OF THE OFFICE OF
 4 LEGISLATIVE AUDITS;

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

7 ~~(III)~~ (3) THE PROJECTED COMPLETION DATE OF THE
 8 RESOLUTION;

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

11 ~~(V)~~ (5) A GRAPHIC REPRESENTATION OF THE PROGRESS OF
 12 CORRECTIVE ACTIONS THAT INCLUDES WHETHER THE FINDING IS UNRESOLVED, IN
 13 PROGRESS, OR RESOLVED.

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

16 3-407.

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

18 Article – State Government

19 2-1224.

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

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

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

29 (1) MEMBERS OF THE JOINT AUDIT AND EVALUATION
 30 COMMITTEE;

1 **(II) MEMBERS OF THE JOINT COMMITTEE ON CYBERSECURITY,**
2 **INFORMATION TECHNOLOGY, AND BIOTECHNOLOGY;**

3 **(III) THE CHAIR AND THE SUBCOMMITTEE CHAIRS OF THE**
4 **SENATE BUDGET AND TAXATION COMMITTEE;**

5 **(IV) THE CHAIR AND THE SUBCOMMITTEE CHAIRS OF THE**
6 **HOUSE APPROPRIATIONS COMMITTEE;**

7 **(V) THE GOVERNOR, THE GOVERNOR’S CHIEF OF STAFF, AND**
8 **THE GOVERNOR’S DEPUTY CHIEFS OF STAFF; AND**

9 **(VI) THE AUDIT AND FINANCE COMPLIANCE UNIT IN THE**
10 **DEPARTMENT OF BUDGET AND MANAGEMENT.**

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

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.