

## MAJOR INITIATIVES

While the lingering effects of the recession have required continuing constraints on spending, Maryland initiated significant new programs last year. Maryland has long been a leader in health care reform and in 1994 continued to refine its system to make medical insurance more available and affordable. The state also enacted low emission vehicle legislation, which requires cleaner-burning cars, in conjunction with similar efforts in other states in the region. To provide for growth, the state authorized a \$150 million expansion of the Baltimore Convention Center which will generate increased convention and tourist business. Initiatives also were implemented which provide authorities more flexibility to collect child support payments and which make carjacking a separate crime with stiffer penalties.

Initiatives taking effect in the Fiscal Year 1995 include a constitutional amendment on Victim's Rights. Other initiatives provide new laws and resources to combat car theft, as well as new methods to combat insurance fraud and increased penalties for perpetrators. Legislation was also enacted banning 18 types of assault pistols and high-capacity ammunition magazines.

## FINANCIAL INFORMATION

The State has issued guidelines to its agencies for establishing an effective system of internal control. Internal control is the overall plan of organization and all the coordinate methods used to safeguard assets; ensure the reliability of the accounting data; promote efficient operations and ensure compliance with established governmental policies, laws, regulations and contracts. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

As a recipient of federal assistance, the State is responsible for ensuring compliance with laws and regulations related to such assistance. This is accomplished through the internal control guidelines. Additionally, the State, excluding higher education institutions, is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128. The State's higher education institutions single audit is performed under Circular A-133. Detail information related to these single audits is included in separate reports.

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following year. The General Assembly cannot increase the budget except in certain organizational units. The budget currently uses a legally mandated budgetary fund structure. Each state agency is provided appropriations at a program level, the level at which expenditures cannot legally exceed the appropriations. The State also utilizes an encumbrance system to serve as a tool for managing available appropriations.

Maryland maintains its accounts to conform with generally accepted accounting principles and also to comply with the legally mandated budget. Financial control is generally exercised under the budgetary system.