

## MAJOR INITIATIVES

As a result of legislation passed during the 1995 General Assembly session, Maryland was able to make substantial progress in a number of critical areas. Among the new laws passed by the Legislature and signed into law by Governor Parris N. Glendening were measures which reduced closing costs for first-time home buyers, increased minority business participation in state procurement contracts, streamlined the state's death penalty process, increased unemployment insurance benefits, provided for up to a 48-hour hospital stay for new mothers, permitted motorists to drive 65 miles per hour on some stretches of highway, created a pilot welfare and child support reform program, and established tough new workplace smoking restrictions.

During the upcoming 1996 General Assembly session, the Glendening Administration is expected to present a legislative package which includes reforming the state's automobile insurance system, streamlining business regulations, and tackling the problem of gun violence.

## 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 a 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.