

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 205.

Senate Bill 205 would require State agencies that perform internal audits to designate a chief internal auditor and appropriate professional staff. The bill specifies the qualifications and responsibilities of the chief internal auditor and provides the criteria under which internal audits would be prepared and conducted. Senate Bill 205 is substantially similar to legislation that I vetoed last year.

As I stated in my veto letter last year, I agree with the principles embodied in the internal audit legislation that was passed by the General Assembly. My Administration has devoted considerable time and effort to eliminating waste in government and to improving the overall efficiency of State government. The continuing efforts of the Fraud, Waste, and Abuse Committee and its Internal Control Self-Assessment program are designed to accomplish the same ends as Senate Bill 205. The agencies that would be subject to the provisions of Senate Bill 205 perform internal control self-assessments every two years and report their findings to the Committee. The next self-assessment reports are due to be received by the Committee on September 30, 1993. The Committee is achieving its mission by analyzing those self-assessments and targeting areas for improvement in internal management. Internal auditors continue to review the strengths and weaknesses of units of State government. A program is then created to overcome weaknesses, a time line is developed to measure progress and hold the agency accountable, and an improvement program is implemented. By improving internal management controls, services are delivered more efficiently and effectively to the citizens of the State of Maryland.

The constitutional defect that plagued last year's bill has been corrected. However, I still believe that the bill is, at best, unnecessary and, at worst, costly and counterproductive. Executive Branch agencies can upgrade and professionalize their internal audit capability without the mandates of this bill. Each of the provisions of Senate Bill 205 could, if deemed necessary, be accomplished by an executive order issued by the Governor. Moreover, while the procedures set forth in the bill are in many ways duplicative of existing efforts of the Executive Branch, inclusion of these procedures in statute would remove all flexibility in establishing internal audit procedures and the qualifications of chief internal auditors.

Senate Bill 205 would apply only to agencies that currently perform internal audits. It is possible, therefore, that the more cumbersome and inflexible provisions of the bill could serve to discourage agencies that do not currently perform internal reviews from initiating these examinations. That would be an unfortunate consequence of legislation that was intended to improve internal self-assessment procedures among the agencies of State government.

I am also advised by the Department of Budget and Fiscal Planning that the provision of Senate Bill 205 that requires agencies to employ "professional and support staff that have the technical proficiency and educational background appropriate for the performance of the audits" would require the hiring of additional personnel. Although it is impossible to determine how many positions would be required, the costs associated with the additional personnel that would be necessary to comply with this provision of the bill have not been addressed in the budget.