

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 254.

Senate Bill 254 would allow the Office of Legislative Audits to audit each unit of State government every four years rather than every two years. It further would establish the criteria under which the Office would determine the audit schedule for a unit of government.

In November 1992, a report was released entitled "Review of Legislative Staff Agencies in the Maryland General Assembly" (the report), prepared by the National Conference of State Legislatures (NCSL). This report analyzed the staff functions of the General Assembly, including the Office of Legislative Audits, and contained a number of specific observations and recommendations pertaining to that Office.

In addition to recommending the one change embodied in Senate Bill 254, the report of the NCSL suggested that the General Assembly consider several additional changes in the Office. Unfortunately, the General Assembly has sought to implement only this one change, and none of the other recommendations has been pursued, thus threatening the checks and balances implicit in the overall report.

The report commented that the rating process used by the Office is unique to Maryland, and that the "General Assembly should assess the effectiveness of this process in gaining agency compliance with audit recommendations and determine whether it is worth the controversy and suspicion it engenders." Indeed, a number of State agencies have had significant complaints about the rating process and believe that it may be subjectively applied and arbitrarily used to force a failing audit. I am not aware of any effort to address these complaints.

The report also indicated that most states have separated their auditors from other legislative agencies. In Maryland, of course, the Office of Legislative Audits is a part of the Department of Fiscal Services (DFS). The report formally recommended that the General Assembly "remove the Office of Legislative Audits from DFS and authorize it as a stand alone legislative agency." Again, I am not aware of any effort to independently establish the Office.

It was also a recommendation of the NCSL that the General Assembly consider privatizing a "select group of audits." The potential for privatizing various government services has received much attention. While the budget does contain language raising the possibility that a small portion of the Office's budget could be used for "contracting with private firms to undertake audits...", the proviso is open-ended enough that it is unlikely to occur.

The report also makes numerous negative comments about the senior management of the Office and problems with communication to staff, concluding that the comments of staff "point to a significant problem with the management system" in the Office. These comments underlie many of the same concerns raised by agencies of the Executive Branch.

In addition to the recommendations of the NCSL, for some time the agencies of State government have questioned the practices of the Office and have encountered difficulties