



## Office of the Secretary of State

*Response to Department of Legislative Services Analysis and Recommended Actions*

### Fiscal Year 2024 Operating Budget Hearing

**February 1, 2023 & February 3, 2023**

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#### Operating Budget Recommended Actions

- 1. The office should comment on the ongoing issues with upgrading ELF, when it expects the list of issues to be resolved, and provide any additional costs that may be needed to modify the system.**

There are two (2) systems being upgraded/modernized, 1) the Division of State Documents (DSD) website. This is where all of the current COMAR regulations reside and are searchable to the public. 2) The second is the Maryland Register Electronic Filing System (ELF), which is the internal system that all state agencies use in order to submit regulations to DSD for publication.

Both new systems were launched with many errors, such as data not migrating correctly from the old DSD website to the new website which resulted in data being dropped and incorrectly formatted. The ELF system had problems such as the AELR Committee not being notified when actions were filed in ELF, resulting in delays for their review.

DSD administrator and staff, DoIT and contractor participate in twice-weekly status calls that have been scheduled through the beginning of April 2023. IT is anticipated that the target timeframe for all of the issues with both systems to be resolved.

- 2. The agency should comment on how the enforcement activities of the division have been impacted by the database replacement and how the agency resolved the related findings identified by the OLA audit.**

The new charities database became operational in August 2022. The new database can identify delinquent charities and send automated notices to charities about steps required to prevent or resolve delinquencies.

The agency has taken the following steps to address the finding identified by the OLA audit.

**Finding 1: The Office of the Secretary of State did not conduct independent reviews since August 2020 to ensure that critical data obtained from charitable organizations was accurately recorded and that these organizations submitted the proper amount of fees.**

The internal auditor has resumed conducting independent reviews. She has been reviewing an average of 30 files a month since April 2022. The database is producing accurate submissions and is resulting in fewer errors.

**Finding 2: The office did not investigate charitable organizations that failed to comply with the annual registration requirements of State law. In addition, the office did not monitor related fees incurred by delinquent organizations and refer accounts to the State's Central Collection Unit.**

To resolve the first part of Finding 2, we have taken several steps, which began during the audit process. The Charitable Organizations Division resumed investigating charitable organizations who have failed to comply with annual registration requirements in May 2022. In addition, the Secretary of State cross trained staff to provide additional support to facilitate compliance. Further, to monitor and track late fees, we immediately requested, following the audit, and DoIT provided, periodic aging reports to assist in monitoring. Finally, the new charity database is generating aging reports and sending automated messages aimed at preventing delinquencies and to remedy delinquencies.

### **3. Concur with Governor's allowance**

*Office of the Secretary of State response:*

The Office of the Secretary of State concurs with the Governor's allowance.