

HISTORIC ST. MARY'S CITY

A MUSEUM OF HISTORY & ARCHAEOLOGY AT
MARYLAND'S FIRST CAPITAL

Historic St. Mary's City Commission

Fiscal Year 2024 Operating Budget Response to Department of Legislative Services Budget Analysis

Appropriations Committee
Education and Economic Development Subcommittee - Budget Hearing
Delegate Stephanie Smith, Chair
February 16, 2023

Budget and Taxation
Education, Business and Administration Subcommittee - Budget Hearing
Senator Nancy King, Chair
February 27, 2023

Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

provided that \$500,000 of this appropriation made for the purpose of the Historic St. Mary's City Commission (HSMCC) may not be expended until the agency submits a report to the budget committees and the St. Mary's County Delegation on the results of a performance audit. The report shall include all findings from a performance audit, consistent with professional auditing standards of the administrative and financial offices of HSMCC to evaluate the efficiency and effectiveness of the financial management practices, including procurement by HSMCC. The audit shall meet the following requirements:

- (1) the audit shall be conducted by an independent entity that has expertise in nonprofit corporate government selected after a competitive bidding process for a certified public accounting firm.
- (2) on the award of the contract, and prior to the commencement of the audit, the certified public accounting firm shall consult with the Joint Audit and Evaluation Committee and the Office of Legislative Audits in the development of the scope and objectives of the performance audit; and
- (3) a certified public accounting firm that provides services to HSMCC is not eligible to bid on the performance audit.

P.O. BOX 39, ST. MARY'S CITY, MARYLAND 20686

Westley Moore, Governor

Timothy Heely, Chairman

Regina M. Faden, Ph.D., Executive Director

The report shall be submitted July 1, 2023, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: This language is repeated from the fiscal 2023 Budget Bill as the report has not been submitted as of February 1, 2023. The committees continue to be concerned about the financial management practices at HSMCC. This audit would provide the committees and the St. Mary's County Delegation with information on the financial management practices of HSMCC. This language restricts funds pending submission of an audit conducted by an independent third party on the financial management practices of HSMCC.

HSMCC concurs with the recommended action.

The auditing firm, AHY, was extremely thorough and widened their scope internally to cover more data than they had originally anticipated. The audit is in its final draft stages, having been reviewed by the Commissioners, and we expect the release of the final audit to happen within two weeks.

Thanks to Governor Moore, his administration, and the Maryland General Assembly, HSMCC is able to invest significant funds into maintaining and enhancing the site to attract more visitors. Throughout the two years of the pandemic HSMCC, like Maryland state parks, witnessed a significant increase in visitors who used its facilities to safely exercise and socialize with family and friends.