COMPTROLLER of MARYLAND
SERVING THE PEOPLE

Brooke E. Lierman
Comptroller

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Chief Deputy Comptroller

September 14, 2026

Ms. Sheila A. Weinberg
Truth in Accounting
P.O. Box 580
Glencoe, IL 60022

Dear Ms. Weinberg,

Regarding your letter dated August 18, 2026, we appreciate the opportunity to address your questions regarding Maryland's audited Annual Comprehensive Financial Reports (ACFRs).

Who chose the auditor?
A panel representative of State fiscal leadership, including members from the Comptroller's Office, Maryland's University System, and the Maryland Department of Transportation.

How was the auditor chosen? A bid or no-bid contract? Who were the bidders?
In accordance with COMAR Title 21, the current audit firm was chosen using the Competitive Sealed Bidding (CSB) process, subsequent to a request for proposal (RFP) solicitation.

How much does the audit cost the taxpayer?
The cost of the five-year audit contract is $9.0M.

Is the cost comparable to the previous auditor?
Yes.

Can you explain the audit procedure and attest to the auditor's rigorous standards?
The audit firm performing the State audit is an external and independent contractor. The firm is best positioned to explain the audit procedure used and to attest to the auditor's rigorous standards. The firm is a certified public accounting firm that is a member of the American Institute of Certified Public Accountants.

Would you be willing to sit down with the auditors and us to go through the financial statement line by line to give the taxpayers full transparency?
Transparency with taxpayers is something the Comptroller of Maryland takes seriously, which is why our audited financial statements are posted publicly on the Comptroller's website for public access. Requests for line-by-line detail on the financial statements need to go through our Public Information Act (PIA) office. This is the channel for detailed document requests and ensures there is an accurate, complete record of what is being asked and provided. We request that specific requests be directed to the COM PIA office. Additionally, based on the level of time and research needed to facilitate a response, a cost may be assessed.

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What is the current status of the MSUF?
Maryland's Department of Labor has implemented a Corrective Action Plan to address the disclaimer of opinion.

Can you please explain the auditor's responsibilities to the taxpayer?
The auditor's role is independent verification of the financial statements. The Auditor's Responsibilities section of the ACFR — prepared by the independent auditor — lays out what the audit is designed to do. Per that section, the auditor's objective is to obtain "reasonable assurance" that the State's financial statements, taken as a whole, are free of material misstatement, whether caused by fraud or honest error, and to issue a report giving their opinion on that.

In doing the audit, the auditor is required to: identify and test for the risk of material misstatement; understand the State's internal controls well enough to plan the audit; evaluate whether the accounting policies and estimates management used are reasonable; and assess whether there is any substantial doubt about the State's ability to meet its obligations for the next twelve months, based on industry standards. The auditor is also required to communicate with the State about the scope and timing of the audit, any significant findings, and any internal control matters identified along the way.

Please define "structural deficit" and explain why the state has one.
A structural deficit exists when an entity's ongoing, recurring revenues do not cover its ongoing, recurring spending. This means the underlying trend line of what the State collects and what it has committed to spend are moving apart, year over year, independent of any single bad year or one-time event. The State's budget and finances are affected by various factors, including, but not limited to, significant multi-year spending commitments and national policies.

What is the definition of an unrestricted net position deficit, and what does it mean for taxpayers?
Unrestricted net position is the total net position of the State, less net investment in capital assets and restricted net position. A portion of the deficit results from the State incurring a debt for the purposes of capital acquisition and construction on behalf of local governments and private organizations. Since the incurrence of this debt does not result in capital assets of the State, the debt is not reflected in the net position category, net investment in capital assets, but rather in the unrestricted net position category. Taxpayers of local governments and constituents of private organizations are the beneficiaries of these capital investments.

Thank you for your interest in educating the public about Maryland's financial reporting.

Sincerely,

Erica Roach
Chief Deputy Comptroller