



DEPARTMENT OF HUMAN SERVICES

Wes Moore, Governor · Aruna Miller, Lt. Governor · Rafael López, Secretary

January 29, 2025

The Honorable Pamela Beidle, Chair
Senate Finance Committee
3 East Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

RE: TESTIMONY ON SB0230 - HUMAN SERVICES – LOCAL DEPARTMENTS OF SOCIAL SERVICES – AUDITS - POSITION: FAVORABLE

Dear Chair Beidle and Members of the Finance Committee:

The Maryland Department of Human Services (DHS) thanks the Committee for the opportunity to provide favorable testimony in support of Senate Bill 230 (SB 230).

With offices in every one of Maryland's jurisdictions, we empower Marylanders to reach their full potential by providing preventative and supportive services, economic assistance, and meaningful connections to employment development and career opportunities. The Office of the Inspector General (OIG) within our department is mandated to protect the integrity of the Department and each Local Department of Social Services (LDSS). OIG ensures compliance with State statutes and regulations through independent preventive and enforcement services, such as audits and reviews, to help DHS achieve programmatic goals.

Currently, OIG conducts financial and compliance audits of the 24 LDSS every three years in accordance with required internal auditing standards. SB 230 would extend the audit schedule from every three years to an interval ranging from three to four years. The change would enable OIG to focus efforts on departments with prior compliance concerns. The change would also allow the LDSS time to fully address and correct earlier audit findings before the next audit cycle.

The breadth of LDSS responsibility and corresponding OIG oversight have increased as program and information systems become more complex. Under the current three-year audit schedule the increased complexity frequently results in overlap between two audit cycles. In some instances, an LDSS is in the process of

implementing corrective actions when the next audit begins. More flexibility in timing audit cycles can reduce non-compliance and increase operational strength.

Senate Bill 230 addresses this challenge by extending the current LDSS audit interval from once every three years to an interval ranging from three to four years. In determining the audit interval of an LDSS, the Inspector General would take into consideration the risk profile of the LDSS programs. A risk profile is formed by assessing the LDSS history of audit findings, and fiscal activities, including the nature and extent of prior audit findings, and any other factors that affect risk.

In essence, the bill extends the audit cycle for LDSS with a lower risk profile, who consistently demonstrate fewer audit findings. This simultaneously ensures that LDSS with a higher risk profile receive a thorough investigation and are provided with timely and substantive recommendations to implement before the next audit.

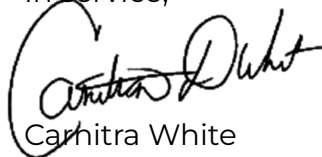
Importantly, this proposal mirrors the recent approach taken by the Office of Legislative Audits (OLA), that follows a similar three-to-four-year audit interval.

SB 230 does not reduce oversight. Rather, the bill prioritizes LDSS with a greater need for timely audits. The bill maintains a regular audit cycle for all LDSS. Lower-risk departments will still be audited but on a slightly extended schedule. This approach more efficiently allocates resources, leaving no LDSS unchecked, while allowing adequate time to implement corrective actions. Adopting a flexible audit schedule will strengthen OIG's ability to safeguard program integrity, ensure compliance with State laws.

We appreciate the opportunity to provide favorable testimony to the Committee for consideration during your deliberations. We look forward to your partnership in helping us ensure our Local Departments of Social Services receive timely and helpful audits that improve our delivery of services to Marylanders.

If you require additional information, please contact Rachel Sledge, Director of Government Affairs, at rachel.sledge@maryland.gov.

In service,



Carhitra White
Principal Deputy Secretary