

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 419

(Prince George's County Delegation and Montgomery
County Delegation)

Environment and Transportation

Education, Health, and Environmental Affairs

Washington Suburban Sanitary Commission - Office of the Inspector General
PG/MC 101-18

This bill establishes the Office of the Inspector General in the Washington Suburban Sanitary Commission (WSSC). The Inspector General may investigate mismanagement, misconduct, fraud, waste, and abuse in WSSC and conduct an annual audit. The bill provides for the membership and responsibilities of the Appointment Committee and for the appointment of the Inspector General, including qualifications and terms of office. The bill transfers all the functions, powers, and duties of the Office of Internal Audit to the Office of the Inspector General upon the effective date of the bill.

Fiscal Summary

State Effect: None.

Local Effect: WSSC expenditures increase by \$152,100 in FY 2019 and by \$202,800 annually beginning in FY 2020. WSSC revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: The Office of the Inspector General is required to (1) assist WSSC by providing independent evaluation and recommendations regarding opportunities to preserve the WSSC's reputation and improve the effectiveness, productivity, or efficiency of WSSC programs, policies, practices, and operations; (2) ensure public accountability by preventing, investigating, and reporting instances of fraud, waste, and abuse of WSSC

property or funds; (3) examine, evaluate, and report on the adequacy and effectiveness of the systems of internal controls and their related accounting, financial, technology, and operational policies; (4) report noncompliance with and propose ways to improve employee compliance with applicable law, policy, and ethical standards of conduct; (5) conduct audits of specified construction costs as part of the commission's Capital Improvement Plan and 10-year Comprehensive Water Supply and Sewerage Plan; and (6) conduct other audits related to the operation of the commission.

In developing recommendations, the Office of the Inspector General is authorized to (1) conduct administrative investigations, budgetary analyses, and financial, management, or performance audits and similar reviews; (2) provide management advisories; and (3) utilize the assistance from any other government agency or private party to complete a project initiated by the office.

The bill authorizes the commission's Board of Ethics to issue subpoenas for the attendance of witnesses to testify or produce other evidence and specifies that a subpoena may be enforced judicially. The Board of Ethics has primary authority for investigations of abuse related to an employee's intentional misconduct or misuse of authority or position, including commission property or funds.

All employees who are transferred to the Office of the Inspector General must be transferred without any diminution of their rights, including collective bargaining rights, benefits, or employment or retirement status.

Current Law: WSSC has an Office of Internal Audit, which is charged with evaluating the effectiveness of internal controls over fiscal, operational, and programmatic activities of the commission. WSSC reports that the office has all of the powers specified in the bill for the Office of the Inspector General, except that the office cannot issue subpoenas. The office reports directly to the WSSC commissioners. The WSSC's proposed fiscal 2019 budget includes 10 positions (seven internal auditors, one ethics officer, and two administrative assistants) for the Office of Internal Audit and expenditures of \$1.3 million.

The Public Utilities Article (Section 17-401) authorizes the Montgomery and Prince George's county executives and county councils to audit and examine the books and records of WSSC.

Background: Chapter 361 of 2017 (HB 321) established an Office of the Inspector General in the Maryland-National Capital Park and Planning Commission. As originally introduced, HB 321 also established the Office of the Inspector General for WSSC, but those provisions were amended out of Chapter 361.

WSSC is among the largest water and wastewater utilities in the country, providing water and sewer services to 1.8 million residents in Montgomery and Prince George’s counties. It has approximately 475,000 customer accounts, serves an area of around 1,000 square miles, and currently employs more than 1,500 people. The commission operates three reservoirs, two water filtration plants, and six wastewater treatment plants. The six wastewater treatment facilities, as well as the Blue Plains Advanced Wastewater Treatment Plant, handle more than 200 million gallons of wastewater per day. The commission maintains more than 5,700 miles of water main lines and over 5,500 miles of sewer main lines.

Local Fiscal Effect: WSSC advises that, although there are no costs associated with the transfer of existing employees to the new Office of the Inspector General, the commission will still incur expenditures for the new Inspector General position required by the bill. Therefore, WSSC expenditures increase by \$152,100 in fiscal 2019, which accounts for the bill’s October 1, 2018 effective date, and by \$202,800 annually beginning in fiscal 2020. This estimate includes a \$130,000 annual salary for the new Inspector General, along with \$72,800 for fringe and retirement benefits.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Montgomery and Prince George’s counties; Washington Suburban Sanitary Commission; Judiciary (Administrative Office of the Courts); State Ethics Commission; Department of Legislative Services

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