

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 41

(Senator McCray)

Judicial Proceedings

Appropriations

Office of Legislative Audits - Audits of the Baltimore Police Department

This bill requires the Office of Legislative Audits (OLA), beginning July 1, 2020, and at least once every six years thereafter, to conduct an audit of the Baltimore Police Department (BPD) to evaluate the effectiveness and efficiency of the financial management practices of BPD. OLA must provide information regarding the audit process to BPD before the audit is conducted.

Fiscal Summary

State Effect: OLA can handle the bill's requirements with existing budgeted resources; however, there may be an operational impact on the office, as discussed below. Revenues are not affected.

Local Effect: BPD can work with OLA to meet the bill's requirements using existing resources. Revenues are not affected.

Small Business Effect: None.

Analysis

Current Law:

Baltimore Police Department

Although BPD is a State agency, the State does not control the appointment or removal of the police commissioner and is not responsible for providing funding for the operations of the police department. However, the State retains the ability to amend the law relating to the department in order to implement policy changes.

Article V of the Baltimore City Charter requires that the City Auditor's Office conduct a performance audit of principal agencies of the city biennially. BPD is included within that requirement. According to the City Auditor, a performance audit of BPD was included within the office's audit plan for calendar 2018. According to OLA, Article V also requires a separate biennial financial audit of BPD's financial transactions by the City Auditor.

Office of Legislative Audits

Generally, OLA must conduct a fiscal/compliance audit of each unit of the State government (except for units of the Legislative Branch) at an interval ranging from three to four years, unless the Legislative Auditor determines, on a case-by-case basis, that more frequent audits are required. Each agency or program may be audited separately or as part of a larger organizational unit of State government.

OLA must also conduct performance audits or financial statement audits when authorized by the Legislative Auditor, directed by the Joint Audit Committee (JAC), or the Executive Director of the Department of Legislative Services, or otherwise required by law. For example, OLA is required to conduct a performance audit of (1) the Board of Liquor License Commissioners for Baltimore City at least once every four years and (2) each local school system at least once every six years, unless the school system applies for and receives a waiver from JAC.

OLA has the authority to conduct a separate investigation of an act or allegation of fraud, waste, or abuse in the obligation, expenditure, receipt, or use of State resources. OLA also may audit any county officer or unit that collects State taxes.

Chapter 753 of 2018 requires JAC to (1) beginning with the 2018 audit, review BPD's audit reports issued by the Baltimore City Comptroller and submit findings and recommendations to the General Assembly with respect to issues in audit reports and (2) review the audit process and procedures and provide comment and recommendations to the President of the Senate and the Speaker of the House, the Executive Director of the Department of Legislative Services, and the Legislative Auditor. JAC's requirements terminate September 30, 2023.

Background: In October 2018, the Baltimore City Department of Finance released an [audit report](#) on overtime at BPD. The audit found widespread overtime abuse and that BPD's internal controls were inadequate to prevent the problem. The report made several short-term and long-term recommendations for addressing the findings, including:

- improve time and attendance policies;
- issue a new overtime policy;
- create an internal audit function; and
- implement new technology.

As of January 2019, the performance audit of BPD that was included in the City Auditor's audit plan for calendar 2018 does not appear to be available.

State Expenditures: OLA advises that approximately 550 audit days are required to plan, conduct, and report on the results of the audit required by the bill. Because the audit occurs once every six years, OLA indicates that it can implement the bill with existing personnel and resources. However, the bill may impact OLA's ability to complete other required audits of State agency operations.

Additional Information

Prior Introductions: HB 561 of 2018 passed the House and was referred to the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken. Its cross file, SB 1099, was substantively amended and enacted as Chapter 753.

Cross File: None.

Information Source(s): Baltimore City; Department of Legislative Services

Fiscal Note History: First Reader - January 25, 2019
mm/lgc Third Reader - March 19, 2019

Analysis by: Shirleen M. E. Pilgrim

Direct Inquiries to:
(410) 946-5510
(301) 970-5510