

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 140

(Senator McCray)

Judicial Proceedings

Appropriations

Office of Legislative Audits - Audits of the Baltimore Police Department

This bill makes several changes relating to the existing requirement for the Office of Legislative Audits (OLA) to conduct an audit of the Baltimore Police Department (BPD) to evaluate the effectiveness and efficiency of the financial management practices of BPD. Specifically, the bill (1) allows for multiple audits to be conducted; (2) requires that the scope and objectives of the audit or audits be determined by the Legislative Auditor; (3) specifies that the employees or authorized representatives of OLA must have access to and may inspect the records, including those that are confidential by law, of BPD and the Baltimore City government to perform the required audits; and (4) requires the Baltimore City government to make available to OLA all city employees, records, and information systems deemed necessary by the Legislative Auditor to conduct the required audit or audits. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: OLA can implement the bill's changes with existing budgeted resources. 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 financial and performance audit of principal agencies of the city biennially. BPD is included within that requirement.

Office of Legislative Audits

Chapter 73 of 2019 requires OLA, beginning July 1, 2020, and at least once every six years thereafter, to conduct an audit of 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.

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 and Evaluation Committee (JAEC), or the Executive Director of the Department of Legislative Services (DLS), 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 JAEC.

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 JAEC 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 DLS, and the Legislative Auditor. Chapter 753 terminates September 30, 2023.

Background: The [performance audit](#) of BPD released in December 2018 by the City Auditor found that the only goal met by the department for 2017 was the amount of time an officer spends on proactive policing versus responding to calls. For performance measures that did not meet the performance target, the office did not perform audit testing on the reliability of information or supporting documentation of the actual amounts reported. The report notes several areas where the effectiveness of the internal control procedures for BPD could be improved.

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.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

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