

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader - Revised

House Bill 370
Ways and Means

(Prince George's County Delegation)

Prince George's County Public Schools - Office of Integrity and Compliance -
Alterations
PG 504-25

This bill transfers the Office of Integrity and Compliance (OIC) from an independent office within the Prince George's County Public School System (PGCPS) to the Prince George's County Government. The bill also alters the purpose and reporting requirements for OIC and expands its duties. Under the bill, the Prince George's County Attorney must provide legal services to OIC and may employ special legal counsel for OIC. As specified in the bill, if OIC fails to achieve cost savings equal to four times its annual budget, the office must be abolished in the subsequent fiscal year. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: None.

Local Effect: Transferring OIC from the county school system to the county government will increase Prince George's County Government expenditures by \$1.5 million while reducing expenditures for the county school system by the same amount. In addition, requiring the county attorney to provide legal services may necessitate meaningful additional county government expenditures for the hiring of associate attorneys and support staff, as discussed below. To the extent OIC finds additional waste or fraud, county school system expenditures potentially decrease. To the extent OIC fails to achieve sufficient cost savings to justify its existence, county government expenditures decrease with the elimination of OIC. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary:

Office of Integrity and Compliance – Purpose

The bill specifies that the purpose of OIC is to (1) review the effectiveness and efficiency of programs and operations of the local school system; (2) prevent and detect fraud, waste, and abuse in the operations of the local school system; and (3) propose ways to increase the legal, fiscal, and ethical accountability of the county board and the local school system.

Office of Integrity and Compliance – Transfer

The bill requires the Prince George's County Executive, with the advice and consent of the Prince George's County Council, to select, appoint, and contract with the Integrity and Compliance Officer. Under the bill, the county executive must select the Integrity and Compliance Officer solely on the basis of professional ability and personal integrity without regard to political affiliation. Also under the bill, the county executive gains the authority to appoint an interim integrity and compliance officers as necessary.

The bill requires the Integrity and Compliance Officer to serve as an independent employee within the county government, subject to review and oversight by the Prince George's County Office of Ethics and Accountability.

Budget

The bill also modifies the existing budget procedure for OIC. The Integrity and Compliance Officer must submit a projected budget to the county executive and county council for each upcoming fiscal year. As part of the transfer, the bill repeals language requiring the county board to include in its annual operating budget the amounts recommended by the Integrity and Compliance Officer. Instead, subject to the approval of OIC's projected budget by the county council, the projected budget must be included in the annual operating budget proposal of the county.

Annual Report

The bill updates the biennial report required under current law to be an annual report and requires that the report be made in consultation with the Prince George's County Office of Ethics and Accountability. In addition to being published on OIC's website, the report must be linked to other county websites. Generally, the bill specifies that the report must be prepared following the submission of the proposed budget and must summarize the activities, findings, recommendations, and accomplishments of the office for the previous

fiscal year. The published annual report must include the objectives, metrics, priorities, scheduled audits and investigations of OIC based on the most recent risk assessment, with any written comments or responses by the local school system. The annual report must highlight progress toward the goals and priorities outlined in the approved work plan.

The annual report must demonstrate the cost savings to the local school system that are at least four times the amount of the annual budget of OIC. If OIC fails to meet the cost savings required, the office must be abolished in the subsequent fiscal year.

The office must submit the annual report to the county council for review and approval before publication. The report must be submitted to the county board by June 30 for review and approval. On approval of the report by the county board, the office must transmit the report to the county council by July 15 for approval after which, the report must be published on OIC's website and must include written comments or response by the local school system, the county council, and the public.

Work Plan

Under the bill, the Integrity and Compliance Officer must develop a written work plan *annually*. Under the bill, the work plan must provide the objectives, metrics, priorities, and scheduled audits and investigations of the office based on the most recent risk assessment, in addition to establishing periodic goals and priorities as required under current law.

The bill also requires certain approvals and hearings before publication of the workplan on the OIC's website subject to the Public Information Act. The bill also requires that the workplan be transmitted to the Prince George's County Board of Education by June 15 of each year for approval. On approval by the county board, the Integrity and Compliance Officer must transmit the work plan to the county council for public hearing and approval. Once the public hearing has been held, the Integrity and Compliance Officer must make the work plan publicly available on the office's website, subject to the Public Information Act.

Risk Assessment

The bill requires that the Integrity and Compliance Officer on an annual basis (or more frequently, if deemed necessary by the county council) complete a risk assessment summarizing the potential risks to local school system operations, finances, and compliance with laws and regulations.

The risk assessment must be presented to the county board of education by April 1 for public hearing and approval wherein the county board may accept, reject or modify the risk assessment. Subsequently, the county board must transmit the assessment and a final

written decision to the county council by May 1 and the county council must hold a hearing on the risk assessment and any updates to the risk assessment. The county council may accept, reject, or modify the risk assessment and must incorporate appropriate public comments into the risk assessment before approval. Once approved by the county council, the risk assessment must be published on OIC's website and include plain language summaries of the findings and recommendations.

Other Provisions

The Integrity and Compliance Officer may not create contractual obligations for the county government or local school system. An employee or official of the local school system may not create any document, information, or report for the Integrity and Compliance Officer. Under the bill, the Prince George's County Attorney must provide legal services to and may employ special legal counsel for OIC.

Current Law: Chapter 792 of 2023 established OIC within PGCPS. OIC is required to (1) assist the county council and the local school system by providing independent evaluation and recommendations regarding opportunities to preserve the local school system's reputation and improve the effectiveness, productivity, or efficiency of school system programs, policies, practices, and operations; (2) ensure public accountability by preventing, investigating, and reporting instances of fraud, waste, and abuse of school system 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; and (4) report noncompliance with and propose ways to improve employee compliance with applicable law, policy, and ethical standards of conduct. Chapter 776 of 2024 specifies that OIC is an independent office within PGCPS and that the Integrity and Compliance Officer serves as an independent employee within PGCPS.

Under current law, the county council alone must, appoint, and contract with the Integrity and Compliance Officer. The county council must select the Integrity and Compliance Officer solely on the basis of professional ability and personal integrity without regard to political affiliation and must appoint interim integrity and compliance officers as necessary.

In developing recommendations, OIC 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. Chapter 776 also established that OIC may employ staff in order to execute the duties of the office.

OIC must also coordinate with the school system, taking into consideration requests from specified members of the community, to develop a written work plan and to establish periodic goals and priorities for OIC based on an assessment of relative risks.

Local Expenditures: OIC is currently staffed within PGCPS with five positions at a total cost of \$1.5 million. Under the bill, these five positions and associated operating costs will be the responsibility of the county government instead of the county school system. However, due to the local maintenance of effort provision which requires a minimum level of county government funding to the local school system, Prince George's County Government will not be able to reduce the local appropriation to the county school system to offset the increased costs relating to the transfer of OIC to the county government. Therefore, the \$1.5 million in existing OIC expenditures will reflect a new cost to the county government, while reducing expenditures for the county school system.

Prince George's County Government expenditures may further increase to the extent that the county government is required to provide OIC with legal services through the county attorney as required by the bill. Prince George's County advises that three additional positions (two attorneys and one administrative aide) would be required at a cost of \$0.5 million in fiscal 2026. The Department of Legislative Services advises that the total costs may be significantly lower than estimated by the county government, depending on the level of legal services required by OIC once the transfer is completed.

The bill's technical changes to reporting requirements, including the increased frequency of reporting, newly specified publication requirements, and additional collaboration with the Prince George's County Office of Ethics and Accountability can be accomplished using existing resources.

To the extent that OIC fails to meet the cost savings metrics outlined in the bill, Prince George's County Government expenditures significantly decrease as the office must be abolished in the subsequent fiscal year.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Prince George's County; Maryland State Department of Education; Prince George's County Public Schools; Department of Legislative Services

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