

TESTIMONY OF SENATOR SHELLY HETTLEMAN  
HB 324  
OFFICE OF LEGISLATIVE AUDITS – COST AND FREQUENCY OF AUDITS  
FEBRUARY 4, 2020

The purpose of HB 324 is twofold: to change the audit cycles for the two mandated liquor board performance audits to at least one every 6 years and to eliminate the billing provision for the Office of Legislative Audits (OLA) audit work related to 3 special funds.

Statute requires that OLA conduct a separate performance audit of the Liquor Licensing Commissions for Baltimore City and the Board of Liquor Licensing Commissioners for Prince George's County. For Baltimore City, the required audit cycle is at least once every 4 years and for Prince George's County, it is at least every 3 years.

OLA reserves a 3-year audit cycle only for roughly 20 of the largest, most complex and significant state agencies (e.g. MVA, UMCP, Medicaid, DDA). Local school systems and the Baltimore Police Department, each of which is significantly larger, are subject to a 6-year audit cycle. A school system audit that is quite complex and requires large sums of state funds (not required by the liquor boards) seems excessive.

These audits require significant OLA resources that could be better spent elsewhere and take away from OLA's efforts to monitor state agencies. At any time, OLA would be able to conduct a performance audit and enables OLA to audit for any reason should the need arise.

In the second part of the bill, OLA is current required to bill for audit efforts related to 3 trust funds: the 9-1-1 Trust Fund & the Department of Public Safety and Correctional Services and the Universal Service Trust Fund & the Department of Budget and Management. OLA billings for the last 3 audits of each ranged from \$4,700 to \$13,000. Funds billed by OLA are not retained by OLA but deposited into the General Fund. OLA believes the money would be better spent if retained by the programs to further the funds' missions.

Thank you for the opportunity to explain this bill, and I hope you can support these administrative changes that will alter slightly, but importantly, OLA's operating guidelines.