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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

January 28, 2021

The Honorable Shane E. Pendergrass
Chair, House Health and Government Operations Committee
241 House Office Building
Annapolis, MD 21401

Re: House Bill 122 (Maryland Office of the Inspector General for General Services)

This bill establishes a Maryland Inspector General's Office for General Services as a separate, independent unit of government with annual reporting requirements to the General Assembly. The bill provides the office with typical, best-practice elements, including independence, subpoena power, and reporting requirements. Additionally, the office is modeled after the Education OIG with a unanimous appointment by the Governor, AG, and Treasurer.

Inspectors General ensure accountability and transparency in government. This is particularly important in Maryland, where our system of government includes a part-time, citizen legislature. Certainly, this has its benefits, but it hampers our ability to conduct effective oversight of our sister branches of government. IGs enhance public confidence in government and can act as our eyes and ears as we do the work our constituents expect. But IGs cannot do their job without independence.

Why is the bill needed?

The Department of General Services is Maryland's primary procurement agency—purchasing a variety of goods and services for State and local governments and nonprofits. It also coordinates the construction and improvement of public facilities and is the State's landlord. Thus, its scope of work includes hundreds of millions annually and often involves products and services vital to the health and safety of Marylanders. While some specific, pre-pandemic, examples of why there is a lack of public confidence in the department

are outlined below, the past eight months have further demonstrated that we have reason to be concerned about the department's ability to transparently address waste, fraud, and abuse.

What about the Office of Legislative Audits?

This bill was developed in consultation with OLA and the Director of Legislative Services. An enhanced OIG closes a structural gap in oversight between the OLA and the legislature by providing oversight on an ongoing, day-to-day operational level. OLA, which conducts spot audits only every three or four years, is not positioned to detect or address certain critical issues that, for example, might impact public safety. Moreover, the General Assembly is a part-time body that generally meets only during the 90 day session and is not in a position to conduct ongoing, day-to-day oversight. Moreover, the bill explicitly requires the OIG to coordinate its efforts with other investigative and audit entities.

Are there examples of issues that an OIG could address?

A variety of issues raised over the years can be addressed with an independent, transparent OIG, for example:

- Statewide review of budget closeout transactions for fiscal year 2017, special reports and letters, 1/24/18
 - The DGS improperly deferred special fund revenues totaling \$2.8 million
- DGS - Office of the Secretary and other units, Fiscal Compliance, 8/3/17
 - Audit "disclosed a lack of sufficient controls over collections totaling \$23.6 million in fiscal year 2016 and certain non-cash credits to accounts receivable...recorded improper budgetary closeout transactions totaling \$968K and \$425K at the close of years 2016 and 2014, respectively and, consequently, failed to revert these funds to the General Fund."
 - "DGS had not established sufficient controls to ensure that all disbursement transactions were independently approved and that all commodities purchased were received...awarded multiple contracts for roofing services to one contractor over a one-year period, totaling \$629K, without soliciting competitive bids, as required...lacked adequate records and monitoring procedures to ensure that all real estate commission rebates were received and that only proper employee pa adjustments were processed."

Has the COVID-19 pandemic highlighted the need for this bill?

Maryland's response to the COVID-19 pandemic, including issues regarding faulty test kits from South Korean, undelivered masks from inexperienced but politically-connected businesses, and a consistently broken unemployment insurance web portal are prominent examples of how an independent OIG could have been helpful to the legislature and the public. Even the presence of an independent IG could have motivated better transparency, if not a more careful procurement process to begin with.

- [Justice Department investigates politically connected Blue Flame Medical after claims that it failed to provide masks to Maryland, Washington Post, May 6, 2020](#)
- [Tens of thousands of Maryland unemployment claims are stuck in the system, state labor officials say, Baltimore Sun, June 11, 2020](#)
- [Updated Maryland unemployment insurance portal provides little relief for some claimants, Baltimore Sun, September 21, 2020](#)
- [Hogan's first batch of coronavirus test from South Korea were flawed, never used, Washington Post, November 20, 2020](#)
- [Data Show Maryland Among Slowest States for Unemployment Benefits, Maryland Matters, December 4, 2020](#)
- [Hundreds to Testify at Senate Hearing About Md. Unemployment System Woes, Maryland Matters, May 11, 2020](#)
- [Gov. Hogan's stonewalling turned a coronavirus testing mishap into a mockery, December 6, 2020](#)
- [What's lacking from Maryland's COVID-19 test kits? A dose of transparency, Baltimore Sun Editorial Board, May 28, 2020](#)

Why is this bill part of the solution?

The Department of General Services lacks effective internal and external oversight. Establishing an OIG based on proven best practices will enhance public confidence, improve our ability and responsibility to oversee the work of the executive branch and reduce waste, fraud and abuse. Again, the bill does the following:

- Establishes the Md. OIG for General Services
 - Has access to the shared services of the DGS
 - Housed physically within DGS
- Defines the qualifications, etc. for the IG
 - Appointed by Gov, AG, and Treasurer
 - 5 year term; for cause removal
- Defines powers, duties
 - Waste, fraud and abuse
 - Coordination and cooperation with related units of government (4-2A-04(A))
 - Investigatory and subpoena power
- Reports required to the Governor and legislature

Conclusion

This bill is about good government and consistent with the legislature's previous debates that resulted in the establishment of an Education OIG. I hope we can move the bill favorably.

Very truly yours,

Erek L. Barron

A handwritten signature in blue ink, appearing to be 'Erek L. Barron', with a long, sweeping underline that extends to the left.