

**Department of Legislative Services**  
Maryland General Assembly  
2018 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

House Bill 561  
Appropriations

(Delegate McCray, *et al.*)

Education, Health, and Environmental Affairs

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**Office of Legislative Audits - Audits of the Baltimore City Police Department**

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This bill requires the Office of Legislative Audits (OLA), beginning July 1, 2019, and at least once every six years thereafter, to conduct an audit of the Baltimore City 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.

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**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.

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**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, an audit of BPD is included within the office's calendar 2018 schedule.

### *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.

**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.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 1099 (Senator Ferguson) - Education, Health, and Environmental Affairs.

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

**Fiscal Note History:** First Reader - March 4, 2018  
nb/lgc Third Reader - March 20, 2018

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