

# HOUSE BILL 756

P1

11r2488  
CF 11r2535

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By: **Delegate Krimm**

Introduced and read first time: January 29, 2021

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Office of Legislative Audits – Acceptance and Investigation of Allegations of**  
3 **Fraud, Waste, and Abuse**

4 FOR the purpose of authorizing the Office of Legislative Audits to compel by subpoena or  
5 otherwise certain records and the appearance of a person for a certain purpose;  
6 authorizing the Office to coordinate an investigation with certain law enforcement  
7 units; requiring certain law enforcement units to cooperate and share information  
8 under certain circumstances; providing that, except under certain circumstances,  
9 certain information obtained in relation to an act or allegation of fraud, waste, or  
10 abuse is confidential and may not be disclosed; authorizing the Legislative Auditor  
11 to authorize the disclosure of certain information in relation to an act or allegation  
12 of fraud, waste, or abuse to certain persons under certain circumstances; requiring  
13 the Office to maintain a certain fraud hotline; authorizing the Office to investigate  
14 or refer to a certain agency certain allegations under certain circumstances;  
15 requiring each unit of State government to keep posted in conspicuous places on its  
16 premises a certain notice and on its website a certain link, distribute certain  
17 information to certain persons under certain circumstances, report certain  
18 information to the Office, and provide timely cooperation on certain inquiries; and  
19 generally relating to the Office of Legislative Audits.

20 BY repealing and reenacting, without amendments,  
21 Article – State Government  
22 Section 2–1220(a)(4)  
23 Annotated Code of Maryland  
24 (2014 Replacement Volume and 2020 Supplement)

25 BY repealing and reenacting, with amendments,  
26 Article – State Government  
27 Section 2–1223 and 2–1226  
28 Annotated Code of Maryland  
29 (2014 Replacement Volume and 2020 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to  
2 Article – State Government  
3 Section 2–1228  
4 Annotated Code of Maryland  
5 (2014 Replacement Volume and 2020 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
7 That the Laws of Maryland read as follows:

8 **Article – State Government**

9 2–1220.

10 (a) (4) (i) In addition to the audits required under paragraph (2) of this  
11 subsection, the Office of Legislative Audits may conduct a review when the objectives of the  
12 work to be performed can be satisfactorily fulfilled without conducting an audit as  
13 prescribed in § 2–1221 of this subtitle.

14 (ii) 1. The Office of Legislative Audits has the authority to  
15 conduct a separate investigation of an act or allegation of fraud, waste, or abuse in the  
16 obligation, expenditure, receipt, or use of State resources.

17 2. The Legislative Auditor shall determine whether an  
18 investigation shall be conducted in conjunction with an audit undertaken in accordance  
19 with this subsection or separately.

20 2–1223.

21 (a) (1) Except as prohibited by the federal Internal Revenue Code, the  
22 employees or authorized representatives of the Office of Legislative Audits shall have  
23 access to and may inspect the records, including those that are confidential by law, of any  
24 unit of the State government or of a person or other body receiving State funds, with respect  
25 to any matter under the jurisdiction of the Office of Legislative Audits.

26 (2) In conjunction with an examination authorized under this subtitle, the  
27 access required by paragraph (1) of this subsection shall include the records of contractors  
28 and subcontractors that perform work under State contracts.

29 (3) The employees or authorized representatives of the Office of Legislative  
30 Audits shall have access to and may inspect the records, including those that are  
31 confidential by law, of:

32 (i) any local school system to perform the audits authorized under §  
33 2–1220 of this subtitle or in accordance with a request for information as provided in §  
34 5–114(d) of the Education Article;

1 (ii) the Board of Liquor License Commissioners for Baltimore City to  
2 perform the audits authorized under § 2–1220(f)(1) of this subtitle;

3 (iii) the board of license commissioners for a county or for the City of  
4 Annapolis to perform the audits authorized under § 2–1220(f)(2) of this subtitle;

5 (iv) the Board of License Commissioners for Prince George’s County  
6 to perform the audits authorized under § 2–1220(g) of this subtitle; and

7 (v) the Baltimore Police Department and the Baltimore City  
8 government to perform the audits required under § 2–1220(h) of this subtitle.

9 **(4) IN ADDITION TO THE AUTHORITY PROVIDED IN PARAGRAPHS (1)**  
10 **THROUGH (3) OF THIS SUBSECTION, THE OFFICE OF LEGISLATIVE AUDITS MAY, FOR**  
11 **THE PURPOSE OF FURTHERING AN INVESTIGATION UNDER § 2–1220(A)(4)(II) OF**  
12 **THIS SUBTITLE, COMPEL BY SUBPOENA OR OTHERWISE:**

13 **(I) THE PRODUCTION OF PUBLIC AND PRIVATE RECORDS,**  
14 **INCLUDING THOSE THAT ARE CONFIDENTIAL BY LAW, IN THE POSSESSION OF ANY**  
15 **PERSON, PRIVATE CORPORATION, INSTITUTION, BOARD, ORGANIZATION, OR OTHER**  
16 **BODY OR ENTITY; AND**

17 **(II) A PERSON TO APPEAR UNDER OATH AS A WITNESS.**

18 (b) Each officer or employee of the unit or body that is subject to examination  
19 shall provide any information that the Legislative Auditor determines to be needed for the  
20 examination of that unit or body, or of any matter under the authority of the Office of  
21 Legislative Audits, including information that otherwise would be confidential under any  
22 provision of law.

23 (c) (1) The Legislative Auditor may issue process that requires an official who  
24 is subject to examination to produce a record that is needed for the examination.

25 (2) The process shall be sent to the sheriff for the county where the official  
26 is located.

27 (3) The sheriff promptly shall serve the process.

28 (4) The State shall pay the cost of process.

29 (5) If a person fails to comply with process issued under this subsection or  
30 fails to provide information that is requested during an examination, a circuit court may  
31 issue an order directing compliance with the process or compelling that the information  
32 requested be provided.

1           **(D) (1) THE OFFICE OF LEGISLATIVE AUDITS MAY COORDINATE AN**  
2 **INVESTIGATION WITH:**

3                           **(I) THE OFFICE OF THE ATTORNEY GENERAL;**

4                           **(II) THE OFFICE OF THE STATE PROSECUTOR; AND**

5                           **(III) OTHER STATE AND LOCAL LAW ENFORCEMENT UNITS AND**  
6 **PROSECUTORIAL AGENCIES, AS DETERMINED NECESSARY BY THE OFFICE OF**  
7 **LEGISLATIVE AUDITS.**

8                   **(2) THE LAW ENFORCEMENT UNITS LISTED IN PARAGRAPH (1) OF**  
9 **THIS SUBSECTION SHALL COOPERATE AND SHARE INFORMATION WITH THE**  
10 **EMPLOYEES OF THE OFFICE OF LEGISLATIVE AUDITS AS NEEDED TO FURTHER AN**  
11 **INVESTIGATION.**

12 2–1226.

13           (a) Except as provided in § 2–1225 of this subtitle and subsection (b) of this  
14 section, information that an employee or authorized representative of the Office of  
15 Legislative Audits obtains during an examination **OR IN RELATION TO AN ACT OR**  
16 **ALLEGATION OF FRAUD, WASTE, OR ABUSE:**

17                   (1) is confidential; and

18                   (2) may not be disclosed except to another employee or authorized  
19 representative of the Office of Legislative Audits.

20           (b) The Legislative Auditor may authorize the disclosure of information obtained  
21 during an examination **OR IN RELATION TO AN ACT OR ALLEGATION OF FRAUD,**  
22 **WASTE, OR ABUSE** only to the following:

23                   (1) another employee of the Department, with the approval of the  
24 Executive Director;

25                   (2) federal, State, or local officials, or their auditors, who provide evidence  
26 to the Legislative Auditor that they are performing investigations, studies, or audits related  
27 to that same examination and who provide justification for the specific information  
28 requested; or

29                   (3) the Joint Audit and Evaluation Committee, if necessary to assist the  
30 Committee in reviewing a report issued by the Legislative Auditor.

31           (c) Except as provided in § 2–1225 of this subtitle, if information that an employee  
32 or authorized representative obtains during an examination also is confidential under

1 another law, the employee, authorized representative, or the Legislative Auditor may not  
2 include in a report or otherwise use the information in any manner that discloses the  
3 identity of any person who is the subject of the confidential information.

4 **2-1228.**

5 **(A) (1) THE OFFICE OF LEGISLATIVE AUDITS SHALL MAINTAIN A FRAUD**  
6 **HOTLINE FOR THE REPORTING OF ALLEGATIONS OF FRAUD, WASTE, AND ABUSE IN**  
7 **THE OBLIGATION, EXPENDITURE, RECEIPT, OR USE OF STATE RESOURCES.**

8 **(2) THE OFFICE OF LEGISLATIVE AUDITS MAY INVESTIGATE AN**  
9 **ALLEGATION RECEIVED UNDER PARAGRAPH (1) OF THIS SUBSECTION WITHIN THE**  
10 **SCOPE OF ITS AUTHORITY OR REFER THE ALLEGATION TO THE APPROPRIATE**  
11 **FEDERAL, STATE, OR LOCAL AGENCIES RESPONSIBLE FOR THE ENFORCEMENT OR**  
12 **ADMINISTRATION OF THE MATTER FOR INVESTIGATION.**

13 **(B) EACH UNIT OF STATE GOVERNMENT SHALL:**

14 **(1) KEEP POSTED IN CONSPICUOUS PLACES ON ITS PREMISES A**  
15 **NOTICE PREPARED BY THE OFFICE OF LEGISLATIVE AUDITS SETTING FORTH THE**  
16 **METHODS FOR REPORTING FRAUD, WASTE, AND ABUSE OF STATE RESOURCES;**

17 **(2) KEEP POSTED IN CONSPICUOUS PLACES ON ITS WEBSITE A DIRECT**  
18 **LINK TO THE WEBSITE OF THE OFFICE OF LEGISLATIVE AUDITS FOR REPORTING**  
19 **FRAUD, WASTE, AND ABUSE;**

20 **(3) ON REQUEST OF THE OFFICE OF LEGISLATIVE AUDITS,**  
21 **DISTRIBUTE INFORMATION RELATED TO THE PREVENTION, DETECTION, AND**  
22 **REPORTING OF FRAUD, WASTE, AND ABUSE OF STATE RESOURCES TO STATE**  
23 **EMPLOYEES AND OTHER PERSONS OR BODIES RECEIVING STATE FUNDS;**

24 **(4) REPORT TO THE OFFICE OF LEGISLATIVE AUDITS ANY INSTANCE**  
25 **OF POSSIBLE CRIMINAL OR UNETHICAL CONDUCT BY ANY EMPLOYEE, CONTRACTOR,**  
26 **OR RECIPIENT OF FUNDS FROM THE STATE IN ACCORDANCE WITH THE GUIDELINES**  
27 **AND FORMAT ESTABLISHED BY THE OFFICE OF LEGISLATIVE AUDITS; AND**

28 **(5) PROVIDE TIMELY COOPERATION ON ANY INQUIRIES BY THE**  
29 **OFFICE OF LEGISLATIVE AUDITS REGARDING ANY MATTER REPORTED UNDER ITEM**  
30 **(4) OF THIS SUBSECTION.**

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 October 1, 2021.