



House Bill 1341

Maryland Public School Transparency and Accountability Act

MACo Position: **SUPPORT**
with AMENDMENTS

To: Ways and Means Committee

Date: February 28, 2017

From: Natasha Mehu and Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 1341 **WITH AMENDMENTS**. Local governments share an interest in ensuring their local school systems are operating with integrity and in compliance with all laws and regulations. Counties seek amendments to ensure this mutual goal is met on a discretionary basis, and in a cost-effective manner.

HB 1341 requires a county government to establish an independent office of the inspector general to oversee the local school system if the system has received 10 or more repeat findings by the State Office of Legislative Audits (OLA). Under current law, the OLA performs financial audits of schools every 6 years. School systems are allowed to request an exemption permitting them to opt out from one audit, extending the time of the audit to once in twelve years. HB 1341 seeks to require more extensive oversight for problem school systems.

First, HB 1341 should be amended to enable, rather than mandate, a county to establish an office of the inspector general. Some counties already have inspector generals or similar independent offices that audit their local school systems and other county-supported functions. Authorizing the establishment of such offices prevents against the duplication of efforts and ensures that resources are efficiently deployed where and when needed. Local governments that wish to establish an office of the inspector general would retain the authority to do so. Those that already have sufficient scrutiny would not be forced to unnecessarily duplicate efforts.

Additionally, HB 1341 should be amended to remove the threshold of 10 or more repeat findings by the OLA. Local governments are in the best position for determining when their school systems require additional oversight. The ability to do so should not be constrained by a specific floor for the number of findings.

Finally, the bill should be amended to expressly require the office to report to the local governing body that established it. As drafted, the bill mandates a local government to establish an office but requires the office to report annually to the "county board" in addition to the General Assembly. This can be interpreted to mean the Board of Education in that county. As county resources would be used to establish the office, county governing bodies should receive all reports of the office's activity. This also ensures that the office remains independent of the school system it is overseeing.

Local governments support increased transparency and accountability for local school systems. They share an interest in preventing and detecting fraud, waste and abuse. However, counties request the bill be amended to allow offices of the inspector governor to be established as necessary, and in a manner that is efficient and effective for the establishing local government. For these reasons, MACo urges a **FAVORABLE WITH AMENDMENTS** report on HB 1341.

MACo Amendments

No 1. – Remove threshold of findings that trigger establishment.

On page 2, in line 5, strike “If” down through “Article,” in line 7.

No. 2. – Enable rather than mandate establishment of Office of Inspector General.

On page 2, in line 9, strike “shall”, and insert “**MAY**”.

No. 3. – Require the office to report to the county government that established it.

On page 5, in line 4, after “county board” insert “**LOCAL GOVERNING BODY**”.