Audit Report

Department of Budget and Management
Office of the Secretary and Other Units

September 2026

Public Notice

In compliance with the requirements of the State Government Article Section 2-1224(i), of the Annotated Code of Maryland, the Office of Legislative Audits has redacted cybersecurity findings and related auditee responses from this public report.

OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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Victoria L. Gruber
Executive Director

Brian S. Tanen, CPA, CFE
Legislative Auditor

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

September 23, 2026

Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Department of Budget and Management's (DBM) Office of the Secretary, which includes the Central Collection Unit (CCU), and certain other units of DBM for the period beginning January 16, 2022 and ending September 30, 2025. DBM assists the Governor in the preparation and monitoring of the State's annual operating and capital budgets, and is responsible for administering the State Travel Management Program. CCU is responsible for collecting delinquent debts owed to the State, except those excluded by law (such as taxes and child support), and its collections totaled $185.1 million during fiscal year 2025.

Our audit disclosed that CCU did not always pursue wage garnishments from debtors it identified through quarterly matches of its accounts with State wage data. A similar condition has been noted in our nine preceding audit reports dating back to 1997 but was not sufficiently corrected. For example, CCU did not pursue wage garnishments for three of these accounts totaling $846,900 that had monthly wages totaling $21,200 because its new automated collection system was missing the designation that an initial letter was sent to the debtor, which triggers the wage garnishment process. Additionally, CCU did not pursue all available collection action when debtors with uninsured motorist penalty fees defaulted on payment plans.

Our audit also disclosed DBM also did not monitor travel arrangements booked by State employees to ensure it was aware of international travel that required approval and did not follow up when agencies used business class travel for domestic flights, which is prohibited by travel regulations.

Furthermore, our audit disclosed cybersecurity-related findings. However, in accordance with the State Government Article, Section 2-1224(i) of the Annotated Code of Maryland, we have redacted the findings from this audit report. Specifically, State law requires the Office of Legislative Audits to redact cybersecurity findings in a manner consistent with auditing best practices before the report is made available to the public. The term "cybersecurity" is defined in the State Finance and Procurement Article, Section 3.5-301(c), and using our professional judgment we have determined that the redacted findings fall under the referenced definition. The specifics of these cybersecurity findings were previously communicated to those parties responsible for acting on our recommendations.

DBM's response to this audit is included as an appendix to this report. Consistent with State law, we have redacted the elements of DBM's response related to the cybersecurity audit findings. In accordance with State law, we have reviewed the response and, while DBM generally agrees with the recommendations in this report, we identified certain instances in which statements in the response disagree or appear to be inconsistent with a report finding and recommendation. In each instance we reviewed and reassessed our audit documentation, and reaffirmed the validity of our finding. In accordance with generally accepted government auditing standards, we have included "auditor's comments" within DBM's response to explain our position. We will advise the Joint Audit and Evaluation Committee of any outstanding issues that we cannot resolve with DBM.

We wish to acknowledge the cooperation extended to us during the audit by DBM.

Respectfully submitted,

Brian S. Tanen

Brian S. Tanen, CPA, CFE
Legislative Auditor

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* **Denotes item repeated in full or part from preceding audit report**

Background Information

Agency Responsibilities

The Department of Budget and Management (DBM) is responsible for assisting the Governor in the preparation and monitoring of the State's annual operating and capital budgets. This audit includes the Office of the Secretary (including Executive Direction, the Division of Finance and Administration, and the Central Collections Unit (CCU)), the Office of Budget Analysis, and the Office of Capital Budgeting. DBM's Office of Personnel Services and Benefits, which directs the State's personnel policies and administers the health care benefits programs for State employees and retirees, is audited and reported upon separately.

According to State records, DBM's expenditures totaled approximately $57.8 million during fiscal year 2025, of which $22.9 million related to CCU (see Figure 1).

Figure 1
DBM's Office of the Secretary and Other Units
Positions, Expenditures, and Funding Sources

	Office of the Secretary		Office of Budget Analysis and Office of Capital Budgeting	Totals
	Executive Direction, Division of Finance and Administration	Central Collection Unit		
Full Time Equivalent Positions as of June 30, 2025				
Filled	26	115	40	181
Vacant	7	5	3	15
Total	**33**	**120**	**43**	**196**
Fiscal Year 2025 Expenditures				
Salaries, Wages, and Fringe Benefits	$ 5,235,364	$13,887,819	$ 7,027,070	$26,150,253
Technical and Special Fees	471,555	382,920	65,764	920,239
Operating Expenses	18,949,222	8,704,383	3,123,109	30,776,714
Total	**$24,656,141**	**$22,975,122**	**$10,215,943**	**$57,847,206**
Fiscal Year 2025 Funding Sources				
General Fund	$ 5,109,516	$ -	$ 8,851,875	$13,961,391
Special Fund	-	22,975,122	-	22,975,122
Federal Fund	16,386,746	-	-	16,386,746
Reimbursable Fund	3,159,879	-	1,364,068	4,523,947
Total	**$24,656,141**	**$22,975,122**	**$10,215,943**	**$57,847,206**

Source: State financial and personnel records

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the nine findings contained in our preceding audit report dated May 24, 2023. See Figure 2 for the results of our review.

Figure 2 Status of Preceding Findings		
Preceding Finding	**Finding Description**	**Implementation Status**
Finding 1	Redacted cybersecurity-related finding.[1]	Status Redacted[1]
Finding 2	CCU did not adequately pursue potential wage garnishments from debtors, and it had not established a formal system for prioritizing such activity as committed to in its response to this longstanding issue in our preceding audit report.	**Repeated** (Current Finding 1)
Finding 3	CCU did not have adequate controls over the abatement of accounts, which totaled approximately $5.9 million during our audit period.	Not repeated
Finding 4	CCU did not adequately monitor long-term deviations from State regulations previously granted to State agencies regarding submission of delinquent accounts to CCU.	Not repeated
Finding 5	DBM did not verify that electronic receipts collected by a third-party vendor for CCU were deposited into the State's bank account and accurately recorded in the State's accounting records.	Not repeated
Finding 6	Redacted cybersecurity-related finding.[1]	Status Redacted[1]
Finding 7	Redacted cybersecurity-related finding.[1]	Status Redacted[1]
Finding 8	Redacted cybersecurity-related finding.[1]	Status Redacted[1]
Finding 9	DBM did not determine the reasonableness of charges related to technology enterprise services from the Department of Information Technology, which were valued at $4.1 million.	Not repeated

[1] The finding description as well as the implementation status of this cybersecurity-related finding has been redacted from the publicly available report in accordance with State Government Article, Section 2-1224(i) of the Annotated Code of Maryland.

Findings and Recommendations

Central Collection Unit

Background
The Department of Budget and Management (DBM) – Central Collection Unit (CCU) collects delinquent accounts owed to the State, except those excluded by law (such as taxes and child support). State law authorizes CCU to assess and collect a fee sufficient to cover all collection and administrative costs, not to exceed 20 percent of the outstanding principal and interest. CCU's collection fee is currently established at 17 percent, which is added to the original amount of the debt.

According to its records, the balance of outstanding debt referred to CCU for collection was approximately $3.4 billion as of June 30, 2025 (see Figure 3). The balance of outstanding debt increased approximately $700 million from June 30, 2023 to June 30, 2025. The majority of the increase and the associated balance is attributable to referrals of uncollected electronic tolls from the Maryland Transportation Authority.

Figure 3
Outstanding Debt and Collections
Fiscal Years 2023-2025

Fiscal Year	Year End Debt Balance	Annual Collections*
2023	$2.7 billion	$103.4 million
2024	$2.9 billion	$126.5 million
2025	$3.4 billion	$185.1 million

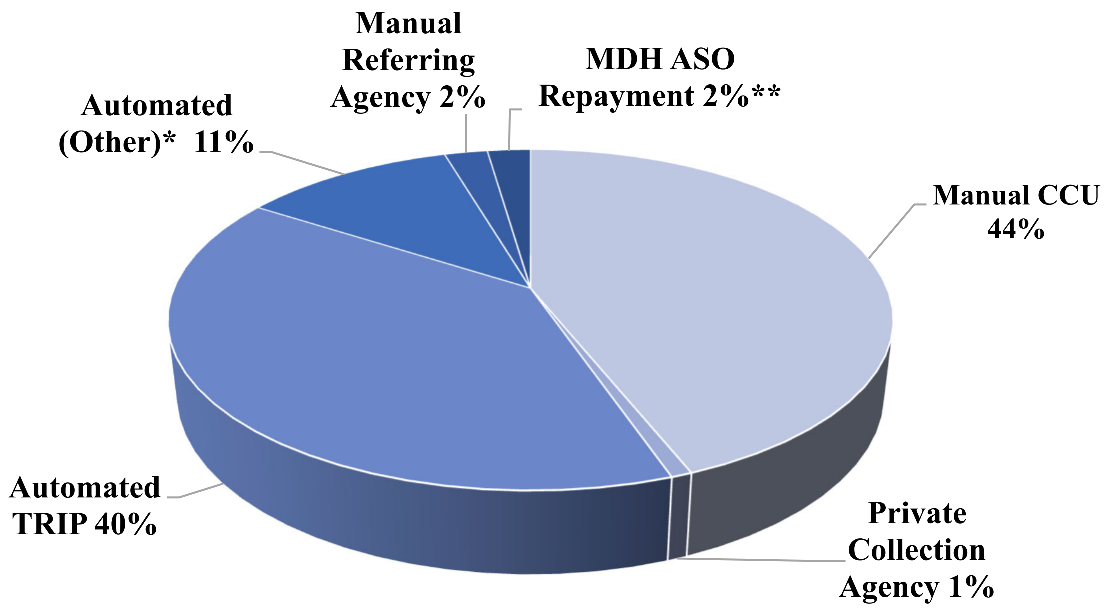
*Collections are net of collection fees and account adjustments (such as refunds).

Source: CCU records

CCU uses a variety of automated and manual processes to collect delinquent accounts. Automated collection efforts include the use of the State's Tax Refund Intercept Program (TRIP) to capture debtor State tax refunds, and other automated intercept programs. Manual collection efforts include pursuing voluntary payments (such as payment plan agreements) and forwarding selected accounts for proactive non-voluntary collection actions, such as wage garnishments and property liens.

Collections on debt, less CCU's fees, are generally paid either to the State Treasury or to the unit of State government where the debt originated. According to CCU's records, the majority of $185.1 million in fiscal year 2025 collections resulted from TRIP and manual CCU processes (see Figure 4).

Figure 4
CCU Fiscal Year 2025 Debt Collections by Source



* Includes State Payroll and Vendor Payment Intercepts, Lottery and certain Casino Winnings Intercepts, and Federal Tax Refund Intercepts.
** Includes repayments from Maryland Department of Health Administrative Service Organization (MDH ASO) providers relating to unsupported estimated payments to providers.

Source: CCU Records

Finding 1
CCU did not always pursue wage garnishments from debtors it identified through quarterly matches of its accounts with State wage data.

Analysis

CCU did not always pursue wage garnishments from debtors it identified through quarterly matches of its accounts with State wage data. CCU's debt collection policies provide that it will pursue wage garnishments on accounts with debts greater than $750 that are not making payments if the debtor has monthly wages of at least $1,200. As of October 2025, CCU records indicated that 54,920 debtors had wages and were eligible for wage garnishment with debts totaling $240.8 million during the period January 2022 to September 2025. CCU had only pursued wage garnishments for 688 of these debtors with debts totaling $4.4 million.

While CCU informed us that it conducted quarterly matches of its accounts with State wage data to identify accounts for wage garnishments, our review disclosed that CCU did not always pursue garnishments for the matches. Specifically, our test of 15 accounts[2] on CCU's October 2025 quarterly match with outstanding debts totaling approximately $8.2 million and monthly wages of $72,200 disclosed that CCU had not pursued wage garnishments for any of the debtors. Several factors contributed to the wage garnishments not being pursued.

For example, CCU did not pursue wage garnishments for 3 of these accounts totaling $846,900 that had monthly wages totaling $21,200 because its new automated collection system was missing the designation that an initial letter was sent to the debtor, which triggers the wage garnishment process. CCU management was unaware that the designation was missing until we brought the matter to their attention and subsequently advised that these accounts were missing this designation due to a coding error when CCU transitioned to a new collection system in 2018. CCU could not readily determine the number of accounts that were not pursued for wage garnishment due to the missing designation.[3]

Similar conditions regarding wage garnishments were noted in our nine prior audit reports dating back to 1997. In response to our preceding report, CCU agreed with our recommendations to pursue wage garnishments when practicable but advised that executing a wage garnishment is an expensive and lengthy process. CCU further advised that it used its limited resources to pursue debts that are likely to produce the best recoveries.

Recommendation 1
We recommend that DBM

a. **take appropriate action to pursue potential wage garnishments from debtors and document its efforts (repeat); and**
b. **review debtor accounts missing the aforementioned designation to determine the correct status of the account, update the status as needed, and take any other needed follow-up action (such as pursuing wage garnishments).**

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[2] We selected the highest account balances on the October 2025 wage report that also had monthly wages greater than $1,200.

[3] According to CCU's records, as of March 2026, approximately 1.4 million accounts were missing the designation. Certain of these accounts may have had a garnishment processed prior to the transition or may not be eligible for a garnishment (for example, if no wages were reported).

Finding 2
CCU did not always pursue all available collection actions when debtors with uninsured motorist penalty fees defaulted on payment plans.

Analysis
CCU did not always pursue all available collection actions when debtors with uninsured motorist penalty fees defaulted on payment plans. Debtors can enter into legally binding payment plans for their insurance penalty fees which allow them to register their vehicles. If the debtor defaults, the payment plan states CCU can immediately pursue collection of the remaining debt along with a 17 percent collection fee and refer the accounts to the Motor Vehicle Administration (MVA) to take administrative action (such as preventing the debtor from renewing their vehicle registration).[4] We were advised by CCU that such action (warning letters and legal action to collect the remaining debt) will be pursued for payment plans in default for more than 60 days that have a balance over $750. According to CCU records as of February 2026, 31,094 of the 49,668 insurance-related payment plans over $750 (63 percent) defaulted.[5]

Our test of 10 payment plans[6] that defaulted during the period from October 2022 to October 2025 with related balances totaling approximately $90,400 disclosed that although CCU referred them to MVA for administrative action, they did not pursue all remaining available collection actions allowed by its policy. For example, CCU did not send warning letters for 8 payment plans defaulted for between 4 and 40 months as of February 2026 with related balances totaling $72,100. The remaining two payment plans had warning letters sent to debtors but no other collection action was taken.

CCU management advised that it did not pursue collection on the defaulted accounts because of the resources it would take to pursue collection and it relies on the MVA administrative action to address the issue. CCU management further advised that it believed its current process was sufficient as approximately 60 percent of the defaulted plans resolve themselves within two years. We did not attempt to verify the 60 percent resolution rate but as noted above, we identified plans that were defaulted for significantly longer than two years that were not subject to all available collection actions. CCU ultimately agreed that going forward it would pursue additional collection actions after a certain period of time has passed and will develop a policy reflecting this process.

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[4] The debts on defaulted payment plans are also subject to ongoing automated collection efforts (such as TRIP).
[5] An individual debtor could have multiple payment plans if the debtor had multiple accounts for uninsured motorist penalty fees.
[6] Test items selected based on materiality of the payment plan balance.

Recommendation 2
We recommend that DBM pursue available collection actions when debtors default on uninsured motorist penalty fee payment plans.

Information Systems Security and Control

We determined that the Information Systems Security and Control section, including Findings 3 and 4 related to "cybersecurity," as defined by the State Finance and Procurement Article, Section 3.5-301(c) of the Annotated Code of Maryland, and therefore are subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Consequently, the specifics of the following findings, including the analysis, related recommendations, along with DBM's responses, have been redacted from this report copy.

Finding 3
Redacted cybersecurity-related finding.

Finding 4
Redacted cybersecurity-related finding.

Statewide Travel Program

Finding 5
DBM did not monitor international travel by State employees, as required, and did not follow up when agencies used business class for domestic flights which is prohibited by travel regulations.

Analysis
DBM did not monitor international travel by State employees, as required, and did not follow up when agencies used business class for domestic flights which is prohibited by travel regulations. According to DBM's travel vendor records, during fiscal year 2025, bookings through the State's travel vendor totaled approximately $3 million for both international and domestic flights. We tested 10 international flights totaling approximately $83,400 and 5 domestic flights

totaling approximately $9,100[7] booked during fiscal year 2025 and noted the following:

- DBM did not monitor international travel booked through the State's travel vendor resulting in the failure to approve 7 international flights totaling $65,400, including 5 first-class tickets totaling $26,900. For example, DBM did not approve 2 business class international trips to the same destination totaling approximately $19,000 each. DBM management advised it did not follow up with the State agencies since documentation was not submitted for its review and approval.

- DBM did not monitor domestic travel and therefore did not identify and follow up when agencies used business class for domestic flights which is prohibited by travel regulations. Specifically, our review of four domestic business-class tickets totaling $5,700 purchased by agencies through the State travel vendor disclosed that DBM did not identify the improper use of business class or follow up with the agencies.

State travel regulations require DBM to approve international travel request forms prepared by State agencies. The regulations also require the use of the lowest logical fare available, prohibit first and business-class travel on domestic trips, and require written justification and approval of first-class travel on international trips. Since DBM is responsible for the State's travel management program, it should monitor the travel activity and follow up when agencies do not submit documentation for review and approval of international flights, or do not use economy class travel for domestic flights to control the State's cost related to travel.

Recommendation 5
We recommend that DBM monitor State travel activity and
a. review and approve all international travel, as required; and
b. follow up when State agencies use prohibited travel for domestic flights, including those noted above.

[7] Test items were selected based on travel class and costs from fiscal year 2025 flight bookings. A flight booking for an indirect flight could include both first-class and business/economy tickets.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the following units of the Department of Budget and Management (DBM) for the period beginning January 16, 2022 and ending September 30, 2025.

Office of the Secretary (including the Central Collection Unit)
Office of Budget Analysis
Office of Capital Budgeting

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine DBM's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included cash receipts, collection practices, accounts receivable, procurement and disbursement activity, vehicle fleet management, and travel management. Our audit included DBM's administration of the Cigarette Restitution Fund and State Reserve Fund that consisted of the Dedicated Purpose Account, the Revenue Stabilization Account, the Economic Development Opportunities Program Fund, the Catastrophic Event Fund, and information systems security and control. Our audit also included certain support services (such as maintenance of certain accounting records) provided by DBM to the Office of Personnel Services and Benefits (OPSB). We also determined the status of the findings contained in our preceding audit report.

Our audit did not include certain support services provided to DBM by OPSB. These support services (such as payroll and certain contract monitoring) are included within the scope of our audit of OPSB. In addition, our audit did not assess DBM's responsibilities for the preparation and monitoring of the State's annual operating and capital budgets since it is covered by executive privilege in accordance with State regulations and an Attorney General's opinion.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of January 16, 2022 to September 30, 2025, but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of DBM's operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as expenditure data), as well as from the contractor administering the State's Corporate Purchasing Card Program (credit card activity). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these sources were sufficiently reliable for the purposes the data were used during this audit.

We also extracted data from DBM's debt management system in order to perform certain tests related to cash receipts and accounts receivable, including collection practices. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we performed other auditing procedures that we considered necessary to achieve our objectives. The reliability of data used in this report for background or informational purposes was not assessed.

DBM's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations, including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to DBM, were considered by us during the course of this audit.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect DBM's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to DBM that did not warrant inclusion in this report.

State Government Article Section 2-1224(i) requires that we redact in a manner consistent with auditing best practices any cybersecurity findings before a report is made available to the public. This results in the issuance of two different versions of an audit report that contains cybersecurity findings – a redacted version for the public and an unredacted version for government officials responsible for acting on our audit recommendations.

The State Finance and Procurement Article, Section 3.5-301(c), states that cybersecurity is defined as "processes or capabilities wherein systems, communications, and information are protected and defended against damage, unauthorized use or modification, and exploitation". Based on that definition, and in our professional judgement, we concluded that certain findings in this report fall under that definition. Consequently, for the publicly available audit report all specifics as to the nature of cybersecurity findings and required corrective actions have been redacted. We have determined that such aforementioned practices, and government auditing standards, support the redaction of this information from the public audit report. The specifics of these cybersecurity findings have been communicated to DBM and those parties responsible for acting on our recommendations in an unredacted audit report.

DBM's response to our findings and recommendations is included as an appendix to this report. Depending on the version of the audit report, responses to any cybersecurity findings may be redacted in accordance with State law. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise DBM regarding the results of our review of its response.

APPENDIX

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor

Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

YAAKOV "JAKE" WEISSMANN
Secretary

MARC L. NICOLE
Deputy Secretary

September 8, 2026

Mr. Brian S. Tannen, CPA, CFE
Legislative Auditor
Office of Legislative Audits
The Warehouse at Camden Yards, Suite 400
315 West Camden Street
Baltimore, Maryland 21201

Dear Mr. Tanen:

The Department of Budget and Management (DBM) has reviewed your draft audit report on the DBM – Office of the Secretary and Other Units for the period beginning January 16, 2022 and ending September 30, 2025. As requested, attached are our responses to the findings in the report.

On behalf of Agency management, we would like to thank you and your audit team for your professionalism and courtesy throughout the engagement. If you have any questions or need additional information, you may contact Marc Nicole at 410-260-7288 or Joan Peacock, Director of the Audit and Finance Compliance Unit, at 410-260-7079.

Sincerely,

Yaakov "Jake" Weissmann
Secretary

cc: Marc Nicole, Deputy Secretary, DBM
Anthony Fugett, Director, Central Collection Unit, DBM
Christina Perrotti, Director, Office of Capital Budgeting, DBM
Nathan Bowen, Director, Office of Budget Analysis, DBM
Katie Malague, COO/CFO, DBM
Joseph Consoli, Director, State Fleet and Travel Management, DBM
Clifton Gray, Assistant Attorney General, DBM
Derek Rost, Chief Information Officer, DBM
Elisabeth Sachs, Director, Government Modernization, Office of Governor Wes Moore
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Department of Budget and Management
Office of the Secretary and Other Units
September 2026

Agency Response Form

Central Collection Unit

Finding 1 **CCU did not always pursue wage garnishments from debtors it identified through quarterly matches of its accounts with State wage data.**

We recommend that DBM

- **a. take appropriate action to pursue potential wage garnishments from debtors and document its efforts (repeat); and**
- **b. review debtor accounts missing the aforementioned designation to determine the correct status of the account, update the status as needed, and take any other needed follow-up action (such as pursuing wage garnishments).**

Agency Response	
Analysis	**Factually Inaccurate**
Please provide additional comments as deemed necessary.	Establishing a wage garnishment related to a debtor requires various administrative and legal steps that could take up to two years to complete, with no guarantee that any actual debtor's wages will be collected. As such, CCU established criteria to prioritize accounts pursued to make best use of CCU resources, including enabling CCU staff to focus efforts on certain alternative methods of debt collection, such as the tax intercept process, that are quicker and more effective in recovering state funds. Nonetheless, with assistance from a new collection system implemented, DBM has automated several steps of the wage garnishment process, making it easier and more efficient for CCU to prioritize pursuing wage garnishments on accounts. The wage garnishment process starts with sending a required warning letter and requires CCU to obtain a legal judgment against the debtor prior to filing the garnishment order. CCU cannot garnish an individual simply by obtaining wage data. The judgment process is expensive and, historically, has been manually intensive. Furthermore, filing a judgment does not guarantee a wage garnishment, often because the debtor lacks available wages, eliminating the ability of

	CCU to pursue wage garnishment after the judgement has been filed. Even when garnishments are successfully established, CCU recovers only a fraction of the outstanding debt. Because alternative collection methods yield a significantly higher return on invested resources, CCU has implemented strategic measures—such as prioritizing specific debtor accounts for judgments and garnishments—to allocate its resources effectively and maximize overall collections. Many challenges in the past, mainly due to the fully manual process in place to accomplish all steps of the wage garnishment process, prevented CCU from being successful in fully implementing corrective actions to resolve this issue. With the replacement of the legacy collection system during the past audit period, CCU has been able to automate a portion of the steps involved which enable the effective prioritization of accounts to be worked. It is CCU's goal to continue focusing on increasing the number of judgments obtained per year by filing on the most appropriate debt and following through with garnishment where applicable. **Explanation on Results of OLA Test Items** It is of value to note that CCU has justification for the majority of the 15 accounts tested by OLA. Below are explanations for 12 of the 15 accounts. These explanations, along with supporting documentation, were shared with OLA during fieldwork. ● 6 of the 15 accounts tested were not pursued for wage garnishment because they did not meet the CCU established criteria for filing a judgment, which is set for when a debtor has monthly wages of at least $3500 as mentioned below in the Clarification of CCU Policy for Wage Garnishments. ● 5 of 15 accounts related to accounts that CCU did not pursue due to challenges with obtaining documentation from the agency that referred the debt. Per State regulations (COMAR 17.01.01.04), State agencies are required to retain the documentation to support the debts referred to CCU. Judgement cannot be filed unless there is sufficient documentation to support the delinquent debt. CCU has been actively working with the related agency to

Agency Response Form

	develop a corrective action plan to enable CCU to move forward with collections on applicable accounts. ● One of the 15 accounts was not pursued for wage garnishment because CCU did not have a valid address for the debtor which is a requirement to file judgment. CCU has tools to research addresses but has not been successful in finding a valid address for this debtor. As OLA mentions, the remaining three accounts tested omitted an indicator that a suit warning letter was sent to the debtor due to a coding error caused by a system transition under the prior administration. **Clarification on CCU Policy for Pursuing Wage Garnishments** OLA has indicated that CCU's debt collection policies provide that it will pursue wage garnishments on accounts with debts greater than $750 that are not making payments if the debtor has monthly wages of at least $1,200. This is factually inaccurate because it omits the criteria that a judgement must also be in place on the debtor account before a wage garnishment can be pursued, and judgements are pursued only if the debtor has monthly wages of at least $3,500. This information, including the detailed steps below, was discussed with OLA during fieldwork. DBM also provided copies of the related standard operating procedures (SOPs) relevant to each step in the wage garnishment process. As noted to the auditors, the SOP for each step acknowledges that the prior step must have been completed before actions can be taken on the next step. As steps in the process are completed, the account includes an indicator to acknowledge this. Given this inaccuracy, the true amount of eligible debts that met the criteria for CCU to pursue for wage garnishments for the time period noted by OLA is significantly lower than the $240.8 million figure OLA cited in the finding. OLA was unable to share the details behind the numbers reported in the finding analysis for CCU to validate or conduct a comparison. The steps required to pursue a wage garnishment on a debtor account include the following: 1. Send a Warning Letter to the debtor 2. Draft and file suit, resulting in a judgement related to a debtor's account

	3. File the wage garnishment Each of these steps involved multiple processes and had set criteria that were established by CCU and set based on which accounts have the best rate of collection and would be considered the best value to work, given the amount of CCU resources and related costs involved. The criteria to pursue a wage garnishment (i.e., sending a warning letter to the debtor and then filing a judgement) is set for accounts with debts greater than $750 that are not making payments if the debtor has monthly wages of at least $3,500. This is significant because when looking at OLA's test of 15 accounts cited in the audit report, it is important to note that 6 of the 15 accounts (40 percent) tested were not pursued for wage garnishment because they did not meet the CCU established criteria as noted above. Filing a judgement on an account is by far the most resource intensive and costly part of the entire wage garnishment process. CCU's policy of establishing the appropriate criteria for prioritizing accounts to pursue for wage garnishments is set, first, by establishing a criteria that judgement will be filed for debtors that have at least $3500 in monthly wages as CCU developed criteria where they have the best chance of being able to collect through wage garnishments given how resource intensive it is to pursue a judgement. CCU set a lower dollar amount for pursuing establishment of the actual wage garnishment of at least $1200 in monthly wages in the attempts to increase the amount of wage garnishments filed (in relation to the number of accounts we have with processed judgements). Ultimately, the higher criteria for the filing of judgements reflect the more labor-intensive process involved in filing a judgement vs in filing wage garnishment. Having a judgement on an account is a criteria or requirement in order to establish and file a wage garnishment. Thus, when looking at debtor accounts that could possibly have been subject to a wage garnishment, one must consider the requirement that the debtor must have monthly wages of at least $3500 if a judgement has not yet been filed related to that debtor's account.

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Recommendation 1a	Agree	Estimated Completion Date:	March 2027
Please provide details of corrective action or explain disagreement.	Agree. We are reviewing this process and the option of adding additional resources to pursue more potential wage garnishments. We also continue to evaluate our criteria for selecting accounts for suits and wage garnishments, to ensure we recognize the appropriate level that CCU should be pursuing judgements and wage garnishments, recognizing that pursuing wage garnishments for all outstanding debtor accounts with wages is not an effective allocation of State resources. Action taken will be documented and retained for future reference.		
Recommendation 1b	Agree	**Estimated Completion Date:**	Complete
Please provide details of corrective action or explain disagreement.	Agree. This item refers to a missing initial notice tag, related to accounts that had been transferred from CCU's legacy system, that excluded otherwise eligible debts from the suit drafting and wage garnishment process. This item was immediately corrected in March 2026, when it was brought to our attention. These accounts are currently being pursued for wage garnishments, in accordance with CCU Policy.		

Auditor's Comment: While DBM agrees with the recommendations, it notes that our analysis is factually inaccurate. Specifically, for 6 of the items it indicated that the CCU debt collection policies include criteria that judgments are pursued only if the debtor has monthly wages of at least $3,500. This statement contradicts what we were directly advised of by CCU management in writing during the fieldwork and in written correspondence subsequent to fieldwork. Assertions made regarding these 6 test items were previously discussed with CCU management, who subsequently concurred with the test results.

For 5 other test items, CCU stated that it did not pursue these accounts because of challenges obtaining documentation from the agency that referred the debt. However, CCU did not provide documentation supporting this explanation. Furthermore, it indicated that additional efforts would be made to work with the related agency to pursue collection such as obtaining sufficient documentation. Our finding is due to these efforts not taking place during the audit period. We continue to believe that the analysis is accurate and considering that accounts from this agency represented a significant portion of outstanding debt, the recommendation is valid based on the information provided by DBM at the time of our review.

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Finding 2
CCU did not always pursue all available collection actions when debtors with uninsured motorist penalty fees defaulted on payment plans.

We recommend that DBM pursue available collection actions when debtors default on uninsured motorist penalty fee payment plans.

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Analysis	**Factually inaccurate**
Please provide additional comments as deemed necessary.	OLA's analysis states that "CCU did not always pursue available collection action when debtors with uninsured motorist penalty fees defaulted on payment plans." This language is misleading as it does not clearly indicate the more accurate following actions taken by CCU. CCU immediately pursues all other collection efforts, besides filing judgment and wage garnishment, on these debts when debtors with uninsured motorist penalty fees defaulted on payment plans. As such, no significant deficiency identified in OLA's analysis separates it from Finding 1 and should not be a standalone finding. **<u>OLA Verification of the 60% resolution on defaulted plans</u>** DBM is concerned with OLA's statement: "We did not attempt to verify the 60 percent resolution rate and as noted above, we identified plans that were defaulted for significantly longer than two years that were not subject to all available collection actions." CCU provided documentation including the individual account details showing that over 60% of defaulted payment plan debts were satisfied after two years. We still question why OLA continues to make this statement. We provided this report in March (during fieldwork) and, at that time, requested a response from OLA on whether this was sufficient. (We did not hear back.) Additionally, we met on July 24 to discuss the (same) report in detail and again asked if any additional information was needed for OLA to feel comfortable with the data and evidence supporting that over 60% of broken payment plan accounts are satisfied or resolved within two years. OLA provided no indication that the report was insufficient or that additional information was needed in order for OLA to be able to verify the 60 percent resolution rate. Note: the fact that some plans remained outstanding past the 2-year period does not

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	question the 60% resolution rate. With a 60% resolution rate, some accounts will still be outstanding past the 2 years noted. **Inaccurate Statements in the Finding Analysis** The following sentence has some inaccuracies: "For example, CCU did not send warning letters or pursue collection of 8 payment plans that had defaulted for between 4 and 40 months as of February 2026, with related balances totaling $72,100. The remaining two payment plans had warning letters sent to debtors." While not a hardcopy warning letter, we share that CCU sent a Default Notice via email for an additional account. Since this is an automated action, we shared a screenshot of the individual's account as verification the email was sent. Additionally, OLA states that "CCU management advised that it did not pursue collection on the defaulted accounts because of the resources it would take to pursue collection and it relies on the MVA administrative action to address the issue." This statement is inaccurate as it implies that CCU is stating or has acknowledged that no collection efforts were taken on these defaulted accounts. As previously stated, these accounts would all be subject to normal collection actions, such as its tax intercept program (TRIP). CCU's explanation was only related to why CCU had not evaluated these accounts to pursue for wage garnishments (i.e., suit drafting), as that is the only collection tool that was not pursued related to the defaulted accounts. **Finding 2 is an extension of Finding 1** Finally, as the only collection effort not being pursued related to these accounts was evaluating the accounts and pursuing wage garnishments, which involves suit drafting and filing of the wage garnishment, this issue is the same as Finding 1 above. We have suggested to OLA that this issue be included in Finding 1. While OLA agreed that only the collection efforts related to pursuing wage garnishments were not taken, OLA felt the finding was significant enough to warrant a separate report finding.		
Recommendation 2	**Partially Agree**	**Estimated Completion Date:**	March 2027
Please provide details of corrective action or explain disagreement.	CCU will develop a SOP for these particular types of debt accounts for pursuing judgments and is working on creating a MVA Payment plan suit queue for suit drafting. We acknowledge that we should start pursuing judgments (and the related wage garnishments) once accounts reach the period where the effect of the MVA administrative action is no longer applicable.		

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Auditor's Comment: While DBM indicates partial agreement with the recommendation, it notes that our analysis includes several inaccurate and/or concerning statements but does not contradict any statements in the analysis which acknowledges that other collection efforts are made on these accounts. DBM also indicates that documentation was provided to support its reference to the 60 percent resolution rate for defaulted plans using its current practice. OLA does not question the accuracy of the 60 percent resolution rate, but merely states that it was not subject to audit verification. Regardless, this information does not refute the condition noted in the finding – that CCU did not always pursue all available collection actions. In addition, DBM notes that for one of the eight accounts, a screenshot was shared to demonstrate that a default notice was emailed. However, this information was not shared during fieldwork and the analysis states that CCU did not send warning letters, which is not being disputed. As a result, we continue to believe that the analysis is accurate and the related recommendations are valid.

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Information Systems Security and Control

The Office of Legislative Audits (OLA) has determined that the Information Systems Security and Control section, including Findings 3 and 4 related to "cybersecurity," as defined by the State Finance and Procurement Article, Section 3.5-301(c) of the Annotated Code of Maryland, and therefore are subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Although the specifics of the following findings, including the analysis, related recommendations, along with DBM's responses, have been redacted from this report copy, DBM's responses indicated agreement with the findings and related recommendations.

Finding 3 **Redacted cybersecurity-related finding.**

Agency response has been redacted by OLA.

Finding 4 **Redacted cybersecurity-related finding.**

Agency response has been redacted by OLA.

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Statewide Travel Program

Finding 5 **DBM did not monitor international travel by State employees, as required, and did not follow up when agencies used business class for domestic flights which is prohibited by travel regulations.**

We recommend that DBM monitor State travel activity and

a. review and approve all international travel, as required; and

b. follow up when State agencies use prohibited travel for domestic flights, including those noted above.

Agency Response	
Analysis	**Factually Inaccurate**
Please provide additional comments as deemed necessary.	OLA's finding asserts that "*DBM did not monitor international travel booked through the State's travel vendor resulting in the failure to approve 7 international flights totaling $65,400, including 5 first-class tickets totaling $26,900.*" DBM is required to approve out-of-country travel; however, the process relies on and requires agency travel coordinators to submit international travel requests in advance to request DBM's approval. As noted further below, any monitoring DBM is able to implement is after such bookings have occurred. Thus, it is inaccurate to state that DBM failed to approve international flights due to lack of monitoring such travel booked through the State's travel vendor.[1] Additionally, the claim that DBM failed to monitor international travel arranged by State agencies is incorrect. DBM informed OLA regarding one of the audit test items that it had proactively sought to notify and remind the agency of travel regulations, as well as the requirement to submit forms for DBM approval prior to reserving international flights.

[1] Although the "finding block" notes that "DBM did not monitor international travel," both the finding analysis and recommendation improperly focus on DBM approving international flights. Additionally, OLA's original concern (as noted in the Discussion Notes) was regarding DBM not approving agency-booked first-class travel. This was adjusted following the Exit Meeting when it was clarified that DBM approval is not required for first-class travel. Our understanding was that the revised issue would reflect DBM monitoring agency bookings for first-class travel; instead, it was changed to suggest that DBM failed to grant approval for international flights. Thus, DBM believed it was important to bring this to the reader's attention.

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	When subsequent oversight revealed that the agency repeatedly non-complied with established travel rules, DBM implemented additional corrective measures, as detailed below.		
Recommendation 5a	**Disagree**	**Estimated Completion Date:**	N/A
Please provide details of corrective action or explain disagreement.	DBM is required to review and approve all international travel; agencies are required to submit these requests to DBM in advance. DBM periodically has reminded agencies of these processes. Additionally, and more recently, the Governor's Office issued out-of-country policy and procedures to all cabinet agencies on April 29, 2026, providing further clarification of this process, and DBM previously provided training sessions for agency travel coordinators that reinforced these guidelines. DBM's ability to monitor international travel bookings can only be done after the fact. Although DBM could use reports provided by our vendor to identify when agencies have taken actions that are not in compliance with regulations, this would not allow DBM the opportunity to provide required approvals, as OLA indicates in its analysis. In essence, DBM would not be able to approve such travel. Additionally, once travel is booked, it is very difficult to refund or exchange, especially without incurring cancellation or rebooking fees. If agencies neglect to adhere to the requirement to seek DBM's approval for international travel, DBM's ability to properly monitor this travel is currently limited. The burden of submitting requests for international travel to DBM rests on the agencies. While DBM did not have an established process to specifically monitor international travel booked by State agencies, it is important to note that DBM's general monitoring of the overall travel program identified an agency that was planning international travel in 2025. DBM reached out to that agency to remind them of the travel regulations that required them to submit the appropriate forms to DBM to obtain approval for the upcoming international trip. agency noncompliance. The agency did not submit the required forms needed for approval and simply booked the travel. In 2025, DBM identified and noted this agency consistently did not comply with the requirement to request DBM's approval for		

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	international travel in advance; this agency accounts for six of the seven flights OLA cited. DBM addressed this issue with the agency directly and distributed communications to all agency travel coordinators reminding them of the international travel approval process. The new travel management system, anticipated to roll out in early 2027, will allow DBM to establish greater limitations on international bookings, including requiring documentation of DBM's approval to proceed with a booking.		
Recommendation 5b	**Partially Agree**	**Estimated Completion Date:**	March 2027
Please provide details of corrective action or explain disagreement.	OLA asserts that "DBM did not monitor domestic travel and therefore did not identify and follow up when agencies used business class for domestic flights which is prohibited by travel regulations." State regulations identify unit heads as responsible for ensuring compliance with State travel regulations by providing internal control over employee travel. Specifically, unit heads shall "designate an existing employee or employees to serve in a subsidiary capacity as an agency travel coordinator or coordinators within their organization for the purpose of monitoring employee compliance with these (State) regulations and performing other duties listed in Regulation .06." Regulation .06 dictates that agency travel coordinators "shall be responsible for monitoring employee compliance in accordance with this chapter." DBM's responsibilities to monitor the overall travel management program include fiscal management, procurements, functionality, statewide training, vendor management, and employee/traveler mediation. In each of these, DBM acts as a monitor to maintain program viability. While DBM could enhance its monitoring efforts by reviewing reports of travel booked to identify agency noncompliance with travel regulations, identifying agency actions that do not comply with guidelines after the fact does not prevent those actions. OLA's finding seems to recognize the limitations in this approach by noting that DBM should "follow up when agencies… do not use economy class travel for domestic flights to control the State's cost related to travel." Ticket purchases happen at the agency level, when a travel coordinator books		

	travel. The best way to avoid State use of domestic business class travel and control State costs is to prevent the initial ticket purchase, which requires agency heads and travel coordinators to strengthen their internal controls over travel planning. The new travel management system, anticipated to roll out in early 2027, will enable DBM to require documentation to proceed with certain bookings, including those that necessitate agency head approval.

Auditor's Comment: While DBM's response indicates disagreement with Recommendation 5a and notes several factual inaccuracies, the comments do not contradict our analysis. Specifically, DBM states that the analysis is factually inaccurate because any monitoring DBM is able to implement is after travel bookings have occurred. However, given that DBM is responsible for the State's travel management program, it should monitor travel activity to ensure all travel is approved as required and take timely corrective follow-up action. DBM further states that it informed OLA regarding its monitoring efforts over one agency that accounted for numerous test items noted in the analysis, however the only documented follow up provided was one notice sent to all agencies in November 2025 reminding them of the requirements but the travel for the example cited in the finding occurred in March and July 2025.

Nevertheless, DBM agrees that it could use reports provided by the travel vendor to identify when agencies have taken actions that are not in compliance with regulations. DBM also states that a new travel management system, anticipated to roll out in early 2027, will allow DBM to establish greater limitations on international bookings, including requiring documentation of DBM's approval to proceed with a booking. Accordingly, we continue to believe the analysis is accurate and recommendations are valid.

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