

Audit Report

Maryland Office of the Inspector General for Education

May 2024



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DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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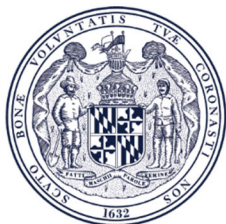
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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Gregory A. Hook, CPA
Legislative Auditor

May 30, 2024

Senator Clarence K. Lam, M.D., 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 Maryland Office of the Inspector General for Education (OIGE) for the period beginning June 1, 2019 and ending November 30, 2023. The OIGE is an independent unit of the State responsible for examining and investigating complaints or information regarding the management and affairs of local boards of education, local school systems, public schools, nonpublic schools that receive State funds, the Maryland State Department of Education, and the Interagency Commission on School Construction. Specifically, the law provides that the OIGE may receive and investigate information and complaints concerning potential fraud, waste, and abuse of public funds and property; civil rights violations involving students or employees; whether policies and procedures governing the prevention and reporting of child abuse and neglect comply with applicable federal and State laws; and compliance with other applicable federal and State laws.

Our audit did not disclose any findings that warrant mention in this report.

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

Respectfully submitted,

Gregory A. Hook, CPA
Legislative Auditor

Background Information

Agency Responsibilities

Effective June 1, 2019, Chapter 771, Laws of Maryland 2019, created the Maryland Office of the Inspector General for Education (OIGE) as an independent unit of the State. The Inspector General was jointly appointed by the Governor, the Attorney General, and the State Treasurer on February 17, 2020, and confirmed by the Senate of Maryland on March 17, 2020.

The OIGE is responsible for examining and investigating complaints or information regarding the management and affairs of local boards of education, local school systems, public schools, nonpublic schools that receive State funds, the Maryland State Department of Education, and the Interagency Commission on School Construction. Specifically, the law provides that the OIGE may receive and investigate information and complaints concerning potential fraud, waste, and abuse of public funds and property; civil rights violations involving students or employees; whether policies and procedures governing the prevention and reporting of child abuse and neglect comply with applicable federal and State laws; and compliance with other applicable federal and State laws.

The OIGE initiates examinations and investigations based on its assessment of complaints and information it receives from various sources, including State and outside agencies and through its fraud, waste, and abuse hotline. The OIGE also conducts an annual review of local school systems to ensure policies and procedures governing the prevention and reporting of child abuse and neglect comply with applicable federal and State laws.

The law further provides that the OIGE is to publish an annual report on or before December 1st each year. According to the annual reports for reporting periods of December 1st to November 30th for 2020 to 2023, the OIGE has received 551 complaints (see Figure 1), and during the 2023 reporting period, 249 complaints had been closed, 13 had been elevated to an investigation, and 2 had been assigned for an investigative audit. According to State records, during fiscal year 2023, the OIGE’s expenditures totaled \$2 million, of which approximately \$1.7 million was for salaries, wages, and fringe benefits (see Figure 2 on next page).

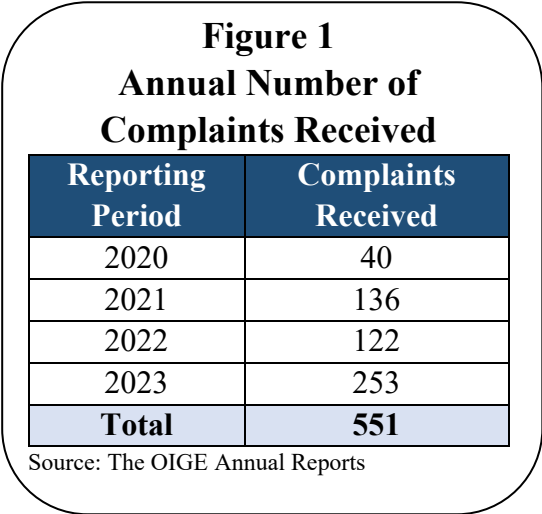


Figure 2
The OIGE Positions, Expenditures, and Funding Sources

Full-Time Equivalent Positions as of June 30, 2023		
	Positions	Percent
Filled	10	83.3%
Vacant	2	16.7%
Total	12	
Fiscal Year 2023 Expenditures		
	Expenditures	Percent
Salaries, Wages, and Fringe Benefits	\$1,693,022	84.8%
Technical and Special Fees	20,142	1.0%
Operating Expenses	282,395	14.2%
Total	\$1,995,559	
Fiscal Year 2023 Funding Sources		
	Funding	Percent
General Fund	\$1,995,559	100.0%
Total	\$1,995,559	

Source: State financial and personnel records

Independent Peer Review

The OIGE is subject to a periodic independent peer review by the Association of Inspector General (AIG). In May 2024, representatives from AIG conducted an independent peer review to evaluate the work of the OIGE. According to the independent peer review report dated May 14, 2024, the OIGE met all current and relevant AIG standards for the review period from December 1, 2020 to November 30, 2023 and there were no reportable instances of failure to meet the AIG standards.

Findings and Recommendations

Our audit did not disclose any significant deficiencies in the design or operation of the Maryland Office of the Inspector General for Education's (OIGE) internal control. Our audit also did not disclose any significant instances of noncompliance with applicable laws, rules, or regulations. Findings that did not warrant inclusion in this report were separately communicated to the OIGE.

A draft copy of this report was provided to the OIGE. Since there are no recommendations in this report, a written response was not necessary.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Maryland Office of the Inspector General for Education (OIGE) for the period beginning June 1, 2019 and ending November 30, 2023. 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 the OIGE'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 oversight of complaints received by the OIGE.

Our audit did not include certain support services (such as human resources, payroll processing activities, purchasing, invoice processing, and other fiscal functions) provided to the OIGE by the Maryland State Department of Education (MSDE). These support services are included within the scope of our audits of the MSDE.

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 June 1, 2019 to November 30, 2023, 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 the OIGE'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 performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data). These 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 this source was sufficiently reliable for the purposes the data were used during this audit. We also extracted data from the OIGE's case management tracking system for the purpose of testing complaint processing. We performed various tests of the relevant data and determined that the data was sufficiently reliable for the purposes of our audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

The OIGE'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 the OIGE, 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.

AUDIT TEAM

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