



DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber  
Executive Director

Gregory A. Hook, CPA  
Legislative Auditor

## Office of Legislative Audits (OLA) Overview

### Mission

- OLA provides independent, non-partisan audit and related services to improve State government fiscal operations and programs, and aid the General Assembly in promoting government accountability.

### Oversight

- OLA reports to the Joint Audit and Evaluation Committee (JAEC), and all audit reports are addressed to the JAEC co-chairs and the JAEC members. The JAEC consists of 10 Senate and 10 House members.
- According to State law, the Legislative Auditor exercises general administrative control over the Office, subject to DLS Executive Director's supervision and control.

### Governing Statute

- State Government Article, Sections 2-1217 to 1228.

### Responsibility

- OLA audits each Executive and Judicial branch agency of State government at least once every four years. These are referred to as fiscal compliance audits. Most agencies are on a 4-year audit cycle, but certain agencies with significant financial activity or statewide impact are audited more frequently. Examples would be the Comptroller's Revenue Administration Division (which collects income taxes), the State Board of Elections, the State Lottery agency, and the State Medicaid agency.
- OLA also audits each of the 24 local school systems on a general 6-year audit cycle.
- OLA conducts select performance audits and special reviews, including fraud-related investigations.
- A toll-free hotline is operated that allows the public and State employees to report allegations of State agency or employee fraud, waste, and abuse.

### Types of Audits

- OLA audits are different than financial statement audits, wherein the CPA firm expresses an opinion on the fairness of the financial results of an entity's operations. To audit the State's Annual Comprehensive Financial Report (ACFR) the Comptroller hires an independent CPA firm.
- Fiscal compliance audits are the most commonly performed OLA audits and are mandated by State law. The scope of these audits is based on the auditor's professional judgment and assessments of risk and significance. The primary focus of a fiscal compliance audit is reviewing and testing of the agency's controls and processes over financial operations (such as collections and expenditures) and its compliance with State regulations and laws (such as State procurement regulations), including agency-specific policies and regulations.
- School system audits are similar to fiscal compliance audits, but are referred to as financial management practices audits, with their general audit scope subject to JAEC approval.
- Performance audits are usually agency-specific and have pre-established objectives that attempt to answer certain questions about the efficiency or effectiveness of the agency's operations.
- Special reports and letters are also issued. These include the results of fraud-related investigations, certain desk reviews of local government financial statements and independent auditor reports, and select follow-up on State agency corrective actions to audit report recommendations.

The Warehouse at Camden Yards  
351 West Camden Street · Suite 400 · Baltimore, Maryland 21201  
410-946-5900 · Fraud Hotline 877-FRAUD-11  
[www.ola.state.md.us](http://www.ola.state.md.us)

### Auditing Standards

- As required by State law, OLA audits are performed in accordance with Generally Accepted Government Auditing Standards (referred to as the “Yellow Book”) issued by the U.S. Government Accountability Office.

### Office Location

- The OLA is located in downtown Baltimore in the Warehouse at Camden Yards, with a small branch office in Salisbury.

### Staff

- OLA’s total number of budgeted positions is 122, with about 118 being audit-related professionals (about 30% of those professional staff are CPAs).
- Other professional credentials held by OLA staff include Certified Information Systems Auditor, Certified Internal Auditor, and Certified Fraud Examiner.
- There are three Divisions (each with a director): Compliance and Performance Audit, Information Systems Audit, and Quality Assurance and Professional Development.
- Staff are permitted to telework approximately 60% of their time, with the remaining time spent in the OLA office or at the audited agency’s job site.
- OLA’s Compliance and Performance Audit Division includes the Fraud Investigative Unit, which operates the Fraud Hotline, and the Data Analytics Unit, which collects and dissects State financial data for use by OLA staff in conducting effective and efficient audits.
- The Information Systems Audit Division staff perform work on many fiscal compliance audits, examining Information Technology (IT) general and network cybersecurity controls.

### Workload and Output

- Annually, OLA issues approximately 55-60 reports (all types). All reports are public documents.
- State law generally restricts OLA from disclosing information obtained during an audit to what is included in public reports. Further, legislation passed in 2022 requires the issuance of certain public audit reports with redacted cybersecurity related findings.
- The number of audit findings vary year to year depending on the agencies audited, but over a full audit cycle, the average for all audits ranges from 550 to 600. Reports generally do not address activities reviewed that are functioning properly.
- Report findings include a description of the audit condition, criteria, effect, recommendation and, if identifiable, the cause(s).
- Auditee responses are included as an appendix in the reports.
- The OLA has no enforcement authority; it can only recommend corrective action.
- State law provides several mechanisms for monitoring the auditee’s implementation of OLA audit recommendations, including JAEC involvement and, under certain circumstances, periodic auditee reporting on the status of implementation of corrective actions.

### Hearings

- JAEC Hearings are usually held during the interim to present significant audit reports and certain audit report-related operating statistics. Auditees attend and answer questions from the JAEC members.
- At the request of the Budget Committees, OLA presents certain audit reports with significant financial-related impact during the legislative session. This would coincide with the auditees’ respective budget hearings.

Attachment: “Information for Auditees” (<https://www.ola.state.md.us/media/1262/info-auditees.pdf>)