



Department of Legislative Services
Office of Legislative Audits

Special Investigation Unit Update and Results

Presentation to Joint Audit and Evaluation Committee

Brian S. Tanen, CPA , CFE
Joshua S. Adler, CPA, CFE
Joseph E. McWilliams, CFE

November 19, 2025



Special Investigation Unit - History

- **2002** – The Joint Audit Committee instructed OLA to implement a hotline and web referral process for the reporting of allegations of fraud, waste, and abuse in State government operations.
- **2003** – OLA’s hotline and web referral process were launched with an expected call volume of 200 calls per year but as noted on page 7, actual call volume has consistently exceeded expectations.
- **2016** – OLA dedicates a second employee to the hotline.
- **2020** – OLA establishes the Fraud Investigation Unit.
- **2024** – OLA changes the name to the Special Investigation Unit.



Special Investigation Unit (SIU) – Responsibilities

SIU operations include both administrative and investigative activities as depicted in the following tables.

Administrative Operations
Fraud Hotline Administration <ul style="list-style-type: none">• Call Intake• Initial Research, Assessment, & Recommended Actions• Allegation Referrals
Allegation Due Diligence <ul style="list-style-type: none">• Research• Validity & Risk Assessment• Approach Development• Recommended Actions
Outreach & Education <ul style="list-style-type: none">• Agency Outreach• Training & Development• Presentations

Investigative Operations
Audit Support <ul style="list-style-type: none">• Allegation Approach Development• Procedural & Testing Guidance• Finding Development• Vendor & Employee Research• Transaction Analyses• Specialized Reports
Special Investigations <ul style="list-style-type: none">• Planning & Conducting Investigations• Referrals to Prosecutorial Agencies
Fraud Brainstorming & Risk Assessment <ul style="list-style-type: none">• Brainstorming• Allegation Risk Assessment• Assessment of High-Risk Areas



SIU Administrative Operations - Hotline Awareness

The SIU promotes OLA's hotline by displaying fraud posters in State offices, posting information on LinkedIn, distributing information to vendors on eMaryland Marketplace, and sending periodic emails about OLA's hotline to State employees.

Chapter 225 of the Acts of 2021 required that each unit of State government:

- Display OLA's fraud hotline posters in their buildings,
- Post a link to OLA's fraud hotline website on their websites, and
- At the request of OLA, distribute information regarding fraud to their employees.

What kind of issues should be reported?

- FRAUD
- MISUSE OR ABUSE OF STATE RESOURCES
- THEFT
- POTENTIAL CONFLICTS OF INTEREST
- CORRUPTION
- SIGNIFICANT VIOLATIONS OF LAWS AND REGULATIONS
- ACCOUNTING IMPROPRIETIES AND IRREGULARITIES
- VENDOR KICKBACKS

Available 24 hours a day,
7 days a week.

Call Toll Free
877-FRAUD-11
(877-372-8311)

or report fraud at
our website
ola.maryland.gov
(Click on Stop Fraud)

Information received is considered confidential.
You can remain anonymous.

Maryland General Assembly
Department of Legislative Services
Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street · Suite 400
Baltimore, Maryland 21201



SIU Administrative Operations - Hotline Administration

- Allegations are received by phone, web, mail, and from OLA auditors in the field.
- Callers are informed that the information provided is considered confidential and are provided with information about the State's "whistleblower" laws if reassurance is needed.
- OLA auditors assigned to the hotline handle calls during business hours in accordance with established procedures.
- Investigative auditors (certified fraud examiners) evaluate all allegations, and due diligence is performed before field investigations are initiated.
- Allegations are: 1) investigated by OLA – either as part of a regularly scheduled audit or as a special review, 2) referred to applicable State agencies, or 3) not pursued.



SIU Administrative Operations - Referrals to State Agencies

Callers who report allegations that would be more appropriately handled by other agencies are referred to the applicable agencies for assistance.

Examples of these referrals include:

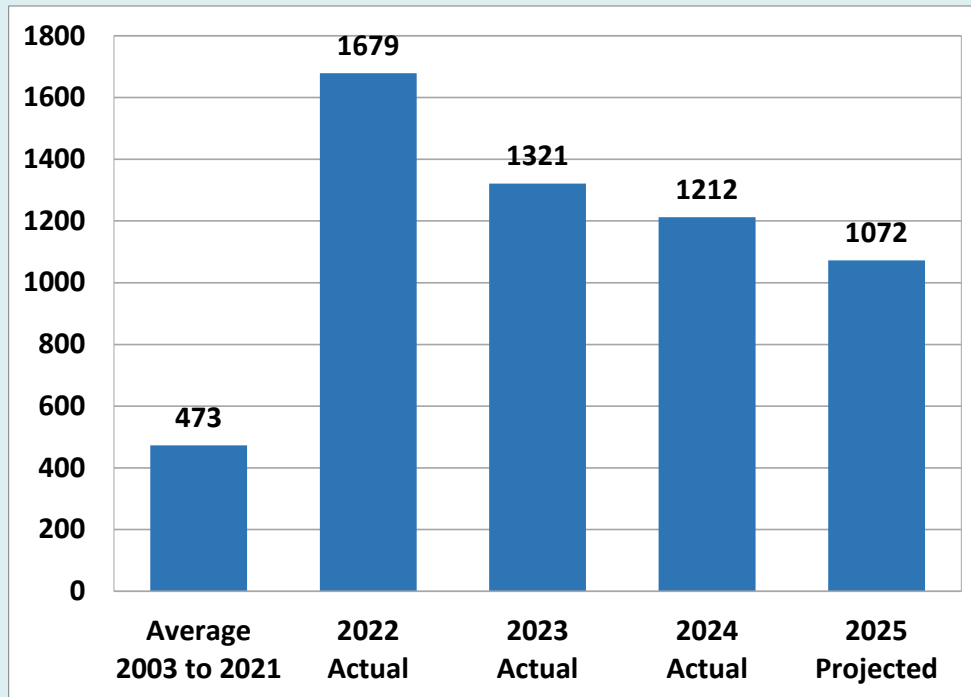
- Welfare Benefits – *Department of Human Services, Office of the Inspector General*
- Medicaid Benefits – *Maryland Office of the Inspector General for Health*
- Identify Theft – *Office of the Attorney General, Identify Theft Unit*
- Income Tax – *Comptroller of Maryland, Compliance Division*
- Unemployment Insurance – *Maryland Department of Labor*



SIU Administrative Operations - Hotline Statistics

Call Volume

(Calendar Year Basis)



Allegation Disposition

(February 2003 through September 2025)

Investigations Completed by OLA or in Process	12%
Referred to State Agencies (30% were related to Department of Human Services benefits.)	69%
Not Pursued	19%



SIU Investigative Operations – Audit Support

The SIU provided support on over 30 audits including:

- The development of audit procedures to address allegations and related risks.
- Preparation of electronic data matches to identify high-risk transactions.
- Analyses of agency transactions and documents to identify indicators of fraud and noncompliance with laws and regulations.
- Comprehensive research into individuals and companies referenced in allegations.
- Participation in fraud brainstorming sessions to identify high-risk areas and develop an approach to address the risks.



SIU Findings in Special Reviews and Regular Audits

- SIU issued two Special Reviews:
 - Office of the Register of Wills Baltimore City (the Office) - Report Dated July 24, 2025.
 - State Department of Assessments and Taxation (DAT) – Report Dated October 6, 2025.

- Results of OLA review of allegations were also included in 8 other reports:
 - St. Mary’s College of Maryland
 - Department of Agriculture
 - Maryland Department of Aging
 - Department of Natural Resources
 - Maryland Insurance Administration
 - Maryland African American Museum Corporation
 - State Highway Administration
 - Department of Public Safety and Correctional Services



Special Review – Register of Wills Baltimore City

SIU received allegations related to possible violations of State laws, regulations, and policies including questionable procurement and payroll practices. SIU identified deficiencies with procedures and controls and certain matters that were referred to the State Ethics Commission.

Finding 1- The Register of Wills Baltimore City (Office) did not consolidate multiple procurements from the same vendors, including media and promotional items, circumventing competitive procurement and approval requirements.

- From January 1, 2017 through October 24, 2024, the Office made 1,749 payments for various office expenses totaling \$2.6 million, of which, 1,725 (98.6 percent) totaling \$2.3 million were individually valued at \$5,000 or less.
 - Of the 75 payments we tested, 74 payments totaling \$266,000 made to 12 vendors were not consolidated, and certain payments also appeared to be split. By not consolidating these procurements, the Office was able to select vendors without competitive procurements and necessary approvals.
-



Special Review – Register of Wills Baltimore City (cont.)

Finding 2 - The Office could not provide documentation to justify \$1.1 million spent on media and promotional items which was significantly higher than other Registers of Wills (ROWS).

- The Office could not provide documentation that it assessed the need for these purchases and how the items would enhance residents' knowledge of the Office's mission. For example, \$1,500 was spent on 500 manicure sets printed with "Where there's a will there's a way!" which did not include the name of the Office or any contact information.
- The Office paid \$197,000 to produce an informational television show that never aired.
- While these purchases were not prohibited, amounts spent by the Office on these items were significantly higher than three similarly sized ROWs.



Special Review – Register of Wills Baltimore City (cont.)

Finding 3 - The hiring and ongoing employment of one employee appeared questionable and potentially violated State ethics law.

- The Office did not have critical documentation to support the hiring of the employee, which was conducted by the Office management employee referenced in the allegation. The Office could not readily document how the position was solicited, and the employee's personnel file did not contain any of the standard employment documents, such as employment application, résumé, and position description.
- The employee founded and operated a company that provided professional services to the Office management employee who hired the employee. According to the company's website, the company continued to provide services to the management employee subsequent to the employee being hired by the Office.



Special Review – State Department of Assessments and Taxation

SIU received an allegation related to possible violations of State laws, regulations, and policies including questionable corporate purchasing card (CPC) purchases. SIU identified certain matters that were referred to the Office of the Attorney General – Criminal Division and procedural deficiencies that require corrective action by DAT.

Findings 1 and 2 - The State Department of Assessments and Taxation (DAT) could not document that it investigated questionable CPC charges processed by one cardholder and did not identify certain questionable transactions.

- SIU identified questionable and unsupported payments (such as payments for vacation rental properties processed on behalf of two DAT management employees) that were not identified by DAT. For example, DAT could not provide documentation for 230 payments totaling \$41,400.
- SIU also determined that DAT did not establish comprehensive procedures and controls over CPC activity.



Reviews Conducted During Scheduled Audits

Maryland African American Museum Corporation (August 15, 2025)

- **Finding 2** – The Maryland African American Museum Corporation (MAAMC) was notified that a former Special Events employee directed a customer to pay the employee rather than MAAMC for parking costs. SIU noted that MAAMC did not do a comprehensive investigation of this matter and did not refer the questionable activity to the Office of the Attorney General – Criminal Division (CD). SIU identified additional instances in which customers were instructed to pay the employee rather than MAAMC which were referred to the CD.
- **Finding 3** - MAAMC did not establish sufficient accountability over its Special Events activities, which contributed to the employee redirecting payments.
- **Finding 4** - Our test of MAAMC’s corporate purchasing card transactions during the audit disclosed certain transactions were not adequately supported. SIU identified 11 questionable payments made by two cardholders totaling \$4,215. For example, eight of the payments totaling \$4,050 had questionable supporting documentation, such as, invoices that misspelled the vendor’s name and two payments made to the cardholder’s personal PayPal account.



Reviews Conducted During Scheduled Audits (cont.)

St. Mary's College of Maryland - Finding 4 (December 18, 2024)

- A St. Mary's College of Maryland management employee had secondary employment with a vendor that raised questions about the propriety of the procurements and related payments and potentially violated State ethics law. The management employee supervised and participated in discussions related to the procurement of two contracts awarded to the vendor totaling \$187,700. Senior management personnel at the State Ethics Commission advised us that the management employee's secondary employment and participation in these transactions could potentially violate State ethics law.

Maryland Department of Agriculture – Finding 2 (March 13, 2025)

- The Maryland Department of Agriculture's Rural Maryland Council did not always receive and review grantee reports and did not document approval of grantee extension requests. For example, 13 grantees with awards totaling \$461,000 had not submitted interim and/or final reports for periods ranging from 70 to 419 days after the report's due date.



Reviews Conducted During Scheduled Audits (Cont.)

Maryland Department of Aging – Finding 3 (April 23, 2025)

- The Maryland Department of Aging (MDOA) did not obtain support for payments for grant programs, certain of which appeared questionable. Our test of 7 payments totaling \$1.2 million disclosed that MDOA did not receive any documentation to support the propriety of the payments. Our review of \$1 million awarded to one grantee in June 2022 disclosed that MDOA could not support how the funds were used, including \$600,000 awarded for one jurisdiction that did not have any grant participants as of April 2024.

Department of Natural Resources – Finding 5 (April 24, 2025)

- The Department of Natural Resources (DNR) did not use available information to ensure the Comptroller of Maryland (COM) transferred certain required revenue into the Mel Noland Woodland Incentive Fund. For fiscal years 2020 through 2023, COM did not transfer \$430,000 of the \$707,000 it should have under State law. DNR was unaware of the underfunding until we brought the matter to their attention.



Reviews Conducted During Scheduled Audits (Cont.)

Maryland Insurance Administration – Finding 6 (May 2, 2025)

- The Maryland Insurance Administration (MIA) did not promptly cancel corporate purchasing cards for employees who separated from MIA. Cards were not cancelled timely for eight cardholders. Six of the cards were cancelled from 73 to 467 days after the employee separated from MIA, and two of the cards were still active at the time of our review for employees who had been separated from MIA for 81 to 173 days.

State Highway Administration – Findings 1 & 2 (September 8, 2025)

- State Highway Administration (SHA) routinely charged expenses to federal fund projects not authorized by the federal granting agency resulting in \$358.7 million as of August 2025 that may need to be funded with Transportation Trust Funds or State general funds.
 - SHA could not support the propriety of accrued federal fund revenue entries totaling \$449 million recorded at the end of fiscal year 2024 or the subsequent recovery of the funds.
-



Other SIU Results

Department of Public Safety and Correctional Services

OLA referral to Office of the Attorney – Criminal Division contributed to a former Department of Public Safety and Correctional Services (DPSCS) employee and a DPSCS contractor pleading guilty in a fraudulent procurement scheme.

- A former DPSCS employee and DPSCS contractor plead guilty to felony procurement fraud related to contracts awarded for cleaning, maintenance, and repair work at certain DPSCS facilities.
 - The contractor submitted multiple fraudulent bids on procurements that were higher than the contractor's own bids. The DPSCS employee used the fake bids to recommend awarding contracts to the contractor, which had submitted lower bids. In exchange for the contracts, the contractor helped the employee obtain payouts from fraudulent insurance claims on properties owned by the employee or the employee's family.
 - Since 2012, the contractor received over \$375,000 from the State for work at DPSCS, including \$51,200 awarded in the fraudulent bidding scheme.
-



Conclusion

The SIU's efforts will continue to evolve and expand to help prevent and detect fraud and abuse in State government.

- Significant efforts continue to be made to build awareness of the hotline.
- Hotline activity has continued to exceed initial expectations. Hotline staff provide a high level of customer service to the hundreds of hotline callers.
- OLA continues to identify and report on significant findings, in both fiscal compliance audit reports and special review reports, based on hotline allegations.
- SIU future plans include:
 - Processes for the proactive detection of fraudulent transactions
 - Expanded support for ongoing audit efforts
 - Additional initiatives to promote fraud awareness in State government