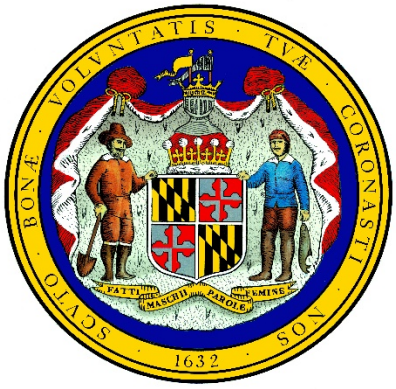
Audit Report

Office of the Attorney General

October 2026



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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

October 15, 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 Office of the Attorney General (OAG) for the period beginning June 16, 2022 and ending February 28, 2026. OAG is a public office established under the Constitution of Maryland, and acts as legal counsel to the Governor, the General Assembly, the Judiciary, and State agencies. OAG also enforces antitrust, consumer protection, and securities laws; prosecutes Medicaid provider fraud; and monitors residential juvenile facilities.

Our audit disclosed that OAG did not effectively monitor its case management system vendor and did not take sufficient action when the vendor continued to fail to provide the system in accordance with the contract, a condition noted but not corrected from our prior report. Specifically, we found that OAG paid the vendor in full for implementation costs which were not due until implementation was completed. OAG also did not inform the Board of Public Works that the implementation was not complete when it requested approval for the second option year. The contract expired in June 2025 after OAG paid the vendor $1.8 million for a system that is still not implemented in certain divisions required by the contract.

Our audit also disclosed that OAG did not have adequate procedures and controls for the procurement and use of outside counsel. OAG procures outside counsel for State agencies without tracking or monitoring related payments. Additionally, OAG did not provide guidance or otherwise monitor agencies to ensure they tracked and monitored payments for these services. We also found that OAG did not ensure that outside counsel services were properly recorded in the State's accounting system by the related agencies, and as a result it was not possible to distinguish them from other payments to law firms.

Finally, our audit disclosed that OAG did not always publish contract awards on *eMaryland Marketplace Advantage* (*eMMA*), as required. In addition, OAG did not ensure timesheets were submitted timely and that adjustments to employee leave balances were subject to independent review and approval, conditions noted but not corrected from our prior report.

OAG's response to this audit is included as an appendix to this report. We have reviewed the response to our findings and related recommendations, and have concluded that the corrective actions identified are sufficient to address all issues.

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

Respectfully submitted,

Brian S. Tanen

Brian S. Tanen, CPA, CFE
Legislative Auditor

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Background Information

Agency Responsibilities

The Office of the Attorney General (OAG) is a public office established under the Constitution of Maryland. OAG operates under the provisions of Title 6 of the State Government Article. OAG acts as legal counsel to the Governor, General Assembly, Judiciary, State agencies, boards, and commissions, and represents the State in all legal matters of interest to the State. OAG also reviews legislation passed by the General Assembly; enforces antitrust, consumer protection, and securities laws; prosecutes Medicaid provider fraud; and monitors residential juvenile facilities.

According to the State's records, OAG's expenditures totaled approximately $86.5 million (primarily salaries and wages) during fiscal year 2025 (See Figure 1).

Figure 1
OAG Positions, Expenditures, and Funding Sources

Full-Time Equivalent Positions as of June 30, 2025	
	Positions
Filled	368
Vacant	10
Total	**378**

Fiscal Year 2025 Expenditures	
	Expenditures
Salaries, Wages & Fringe Benefits	$61,757,362
Technical and Special Fees	2,392,631
Operating Expenses	22,389,854
Total	**$86,539,847**

Fiscal Year 2025 Funding Sources	
	Funding
General Fund	$31,382,322
Special Fund	42,042,508
Federal Fund	6,835,962
Reimbursable Fund	6,279,055
Total	**$86,539,847**

Source: State financial and personnel records

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the two findings contained in our preceding audit report dated May 25, 2023. See Figure 2 for the results of our review.

Figure 2
Status of Preceding Findings

Preceding Finding	Finding Description	Implementation Status
Finding 1	OAG did not adequately monitor certain critical components of the case management system contract to ensure that all critical deliverables were received. As of September 2022, the system had not been fully implemented, and we noted that certain payments were not made in accordance with the contract.	**Repeated** (Current Finding 1)
Finding 2	OAG did not ensure all outstanding payroll errors and discrepancies were resolved, and that adjustments to employee leave balances were subject to independent review and approval.	**Repeated** (Current Finding 4)

Findings and Recommendations

Case Management System

Finding 1
The Office of the Attorney General (OAG) did not effectively monitor its case management system vendor and did not take sufficient action when the vendor continued to fail to provide the system in accordance with the contract. The contract expired in June 2025 after OAG paid the vendor $1.8 million for a system that is still not implemented in certain divisions required by the contract.

Analysis
OAG did not effectively monitor and continued making payments to its case management system vendor despite the vendor's ongoing failure to implement critical components required by the contract. The $3.6 million contract[1] was procured in June 2017 and expired in June 2025 (after OAG exercised two 2-year options). According to OAG records as of March 2026, OAG paid the vendor $1.8 million, of which $859,100 was paid during our audit period. Our prior audit noted several concerns with OAG's monitoring of the contract resulting in the failure to receive required deliverables, paying the vendor despite the system not being fully implemented, and failing to disclose the issues to the Board of Public Works (BPW) when exercising the option years.

Our audit disclosed that OAG continued to inadequately monitor the contract including failing to obtain critical information required by the contract (such as weekly status reports) to monitor the vendor's progress. OAG also did not disclose the ongoing vendor issues to the BPW when it requested approval for the second renewal option in June 2023 and paid the vendor an additional $475,000 in implementation costs during the audit period which should not have been paid until the system was fully implemented per the contract. This is significant because as of April 2026, approximately one year after the contract ended (and 7 years after the original estimated implementation date), the system has not been implemented in one division and was only partially implemented in another.

In addition, OAG did not receive the required transition plan prior to the end of the contract, which was to include transfer of knowledge and a list of outstanding tasks. OAG management advised that it did not pursue the plan so that the vendor

[1] OAG's costs for system implementation and periodic charges (software use and licensing, and maintenance) during the four-year base contract period totaled approximately $2 million, and periodic charges for two 2-year renewal options totaled approximately $1.6 million.

could focus on completing system implementation. OAG also did not pursue damages from the vendor for failing to implement the system as required because OAG management believed it was partially responsible since it did not adequately monitor the contract.

As noted above, similar conditions were noted in our preceding audit report. In response to that report, OAG indicated it would address all the related recommendations by June 2023. We were advised that the recommendations were not implemented because of staff turnover.

Recommendation 1
We recommend that OAG

a. ensure that all required critical deliverables are received and use them to monitor contract progress (repeat);
b. retroactively notify the BPW that the system had not been fully implemented before contract expiration and in the future, notify BPW of all pertinent information when seeking approval (repeat);
c. ensure that payments are made in accordance with the contract terms (repeat); and
d. review all payments to the vendor and take appropriate action to recover any amounts paid to the vendor for services that were not received (repeat).

Outside Counsel Services

Background
State law provides that the OAG may employ outside counsel, which the law and OAG refers to as Assistant Counsel, to carry out any duty of the Office and that the procurement of these services is exempt from State procurement laws and regulations. OAG solicits firms through its public website and an evaluation committee evaluates all proposals received considering both technical (such as, experience and expertise in the particular matter) and financial (hourly rates) criteria. OAG prepares a written contract with each outside counsel that includes the general scope of work to be performed (such as agencies covered and type of litigation) and hourly rates for each employee listed on the contract.

State agencies use the contracts to obtain, and directly pay for any outside counsel services, which is generally to be monitored by OAG personnel assigned to the agency and agency personnel. For example, invoices for services rendered are generally required to be sent to OAG personnel for review and approval before the agency pays for the service. According to OAG records from June 16, 2022

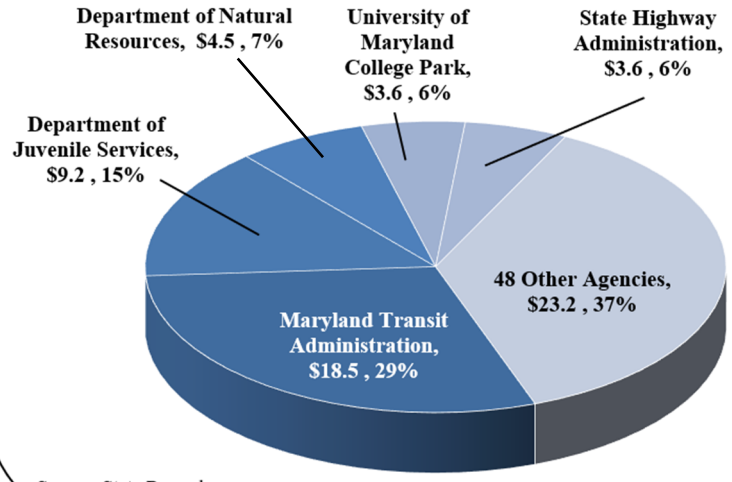
to May 12, 2026, OAG entered into 120 contracts with 97 law firms to provide a wide range of services on behalf of various State agencies.

Finding 2
OAG did not have adequate procedures and controls for the procurement and use of outside counsel by State agencies resulting in the inability to properly budget, track, and monitor related payments.

Analysis
OAG did not have adequate procedures and controls for the procurement and use of outside counsel by State agencies, resulting in the inability to properly budget, track, and monitor related payments. We reviewed the process used by OAG to procure and monitor these services. We also reviewed procedures for using outside counsel at the Maryland Transit Administration (MTA) and Department of Juvenile Services (DJS) and tested 13 invoices totaling approximately $6.9 million (9 for DJS and 4 for MTA).[2] Our review disclosed the following conditions:

- OAG did not establish purchase orders on the State's accounting system for outside counsel contracts and could not readily determine the total payments for these services by State agencies. As a result, the State could not properly budget for these services or maximize its purchasing power when negotiating the contract rates. We attempted to determine the amounts paid for outside counsel by reviewing payments on the State's accounting records to each of the 97 law firms under contract

Figure 3
Recorded Payments to Law Firms
June 16, 2022 to May 31, 2026
(in millions)



Source: State Records

[2] We used the outside counsel firm listing provided by OAG and created a listing of payments to those firms between June 16, 2022 and May 31, 2026 from State financial records. DJS and MTA had the largest amounts of total payments over the period. We arbitrarily selected 13 payments to outside counsel firms providing legal defense services to MTA and DJS.

for outside counsel work for the State. Our review identified approximately $62.6 million paid by 53 State agencies to 54 of the 97 firms between June 16, 2022 and May 31, 2026. As noted in Figure 3, five agencies accounted for the majority of these payments.

However, the amounts paid by each of these agencies may not properly reflect their outside counsel cost further exacerbating the lack of purchase orders. Specifically, we noted certain of these payments were made by an agency for services provided to another agency, and certain payments were not for legal services to the State. In addition, certain payments were not recorded in the State's accounting system (and therefore, are not reflected in Figure 3). As a result of these conditions, we could not determine the total fees paid to outside counsel for the services used by each agency or identify the total claims/settlements paid. While OAG asserts it does not have the ability to create purchase orders for another agency to use, it had not discussed other options with the Department of General Services (DGS) or the Department of Budget and Management (DBM).

- OAG did not establish written procedures and controls for use of outside counsel services by State agencies. For example, OAG did not require agencies to establish written requests for services when using outside counsel services to identify the specific scope of work, legal staff to be assigned, and an estimated cost of the services.[3] In this regard, our review of the procedures at MTA and DJS disclosed that neither agency established written scopes of work or purchase orders that included the specific counsel that would be working on each case, or the estimated hours and cost. This is critical as the rates charged varied based on the staff working on the case.

- OAG did not provide guidance or otherwise monitor agencies to ensure they tracked and monitored payments for these services. As a result, each agency had its own procedures for administering their outside counsel activity. Furthermore, as noted above, since there were no specific scopes of work or purchase orders the agencies were precluded from determining if the charges were reasonable.

  In this regard, our test of the aforementioned 13 invoices disclosed that neither OAG nor the agency was monitoring or keeping track of the cost associated with each case. In addition, costs charged by case were not always provided on the invoice which would prevent accurate tracking. For example, 7 of the 9 DJS invoices totaling approximately $6.4 million, consolidated services for

[3] OAG issued a guide to State agencies dated June 2026 but it does not include procedures for monitoring payments or processing invoices.

multiple cases without details on the costs per case. Furthermore, we noted that rates charged were not verified by OAG or these agencies to ensure they were consistent with the rates specified in the contract. For example, we noted that 7 invoices included costs totaling approximately $419,400 for personnel that were not part of the contract.

- OAG did not ensure that outside counsel services were properly recorded in the State's accounting system by the related agencies. As noted above, there was no way to readily identify all payments for outside counsel services, and other payments such as contract settlements. Our review of the aforementioned 13 invoices disclosed that they were all paid using direct voucher which precluded certain online controls to ensure amounts paid were consistent with and did not exceed the contract rates.

  In addition, OAG did not ensure that costs for services were charged to the appropriate State agency. In this regard, our review of the aforementioned agencies and related testing disclosed that DJS processed certain payments for outside counsel fees regardless of whether the case was related to another State agency such as the Department of Human Services or the Department of Health. It was unclear from available documentation how much of the aforementioned $6.4 million in payments were associated with other State agencies.

OAG management advised us that it did not have authority to enforce certain of the aforementioned actions (such as ensuring agencies properly accounted for the outside counsel fees). However, since the contracts are procured by OAG it should ensure they are being used properly (for example, by monitoring payments to outside counsel on the State's accounting system to ensure agencies had detailed scope of work, obtained estimates of the expected costs, paid rates consistent with the contract, and recorded the payments properly).

Recommendation 2
We recommend that OAG

a. **work with DGS and DBM to establish purchase orders on the State's accounting system to effectively track the use of these services by State agencies;**
b. **establish written procedures and controls for use of outside counsel services by State agencies;**
c. **provide guidance or otherwise monitor agencies to ensure they tracked and monitored payments for these services; and**
d. **ensure that outside counsel services are properly recorded in the State's accounting system by the related State agency.**

Procurement

Finding 3
OAG did not always publish contract awards on *eMaryland Marketplace Advantage (eMMA)* as required by State procurement regulations.

Analysis
OAG did not always publish contract awards on *eMMA*[4] as required by State procurement regulations. During our audit period, OAG awarded 13 contracts that were individually greater than $100,000 totaling approximately $4.5 million, of which 11 totaling $4.2 million (including 7 sole source awards totaling $2.2 million) were not published on *eMMA,* as required.

State regulations require that contract awards greater than $100,000 be published on *eMMA* within 30 days of award. Publishing awards provides transparency over State procurements including information about winning bidders and the amount of the related awards.

Recommendation 3
We recommend that OAG publish contract awards on *eMMA,* as required, including those noted above.

Payroll

Finding 4
OAG did not ensure timesheets were submitted timely and did not document its review of leave adjustments, certain of which could not be supported.

Analysis
OAG did not ensure timesheets were submitted timely and did not document its review of leave adjustments, certain of which could not be supported. To assist in biweekly payroll processing, the State's Statewide Personnel System (SPS) generates several reports to help State agencies identify, investigate, and correct timesheet and leave adjustment errors and other discrepancies, such as timesheets that had no time entered or that were not submitted. If errors and discrepancies are not resolved by the deadline for submission to DBM, the payroll will still be processed and agencies must address the unresolved items. Our review disclosed the following conditions:

[4] *eMaryland Marketplace Advantage (eMMA*) is an internet-based, interactive procurement system managed by the Department of General Services.

- OAG did not always use available SPS reports and did not follow up to ensure that timesheets were submitted timely. Our test of 16 timesheets from fiscal years 2025 and 2026[5] disclosed that the timesheets did not have some or all of the time entered (360 hours) or were not marked as submitted by the employee (702 hours) for periods of 14 days to 490 days. For example, 1 timesheet for the pay period ending November 12, 2024, was missing 40 hours of work time, as of March 2026. In addition, 117 leave hours was not deducted from 4 of the employees' leave balances due to the timesheets not being marked complete by the employees.

- OAG did not document its verification of the propriety of leave adjustments, certain of which were not supported. Specifically, our test of 10 adjustments[6] for 6,067 hours for the period May 3, 2023 to April 15, 2025 disclosed that there was no documented independent review to ensure the adjustments were proper. In addition, OAG could not support the propriety of two of these adjustments for 1,875 hours valued at approximately $131,400.

Similar conditions were noted in our preceding audit report. In response to that report, OAG indicated that it was working with employees to ensure all timesheets were completed and reviewing leave adjustments for propriety. Although OAG generated payroll discrepancy reports and notified employees and supervisors, it did not follow up when corrective action was not taken. In this regard, 11 of the 24 employees noted in the prior report with 110 hours of unsubmitted time had still not been corrected as of March 27, 2026. We further noted that while OAG indicated it was reviewing leave adjustments, as noted above, the reviews were not documented.

Recommendation 4
We recommend that OAG

a. develop procedures to ensure that all outstanding payroll discrepancies are resolved, including those noted above (repeat);
b. review available output reports of leave adjustments processed, at least on a test basis, to ensure that only authorized adjustments have been processed (repeat) and ensure the reviews are documented; and
c. make appropriate corrections for leave adjustments identified that cannot be supported as proper, including those noted above.

[5] Timesheets were selected based on materiality of employees with unsubmitted time.
[6] We selected test items based on materiality and adjustment type.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Office of the Attorney General (OAG) for the period beginning June 16, 2022 and ending February 28, 2026. 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 OAG'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 procurements and disbursements, non-budgeted funds, payroll, corporate purchasing cards, and the activity of the Consumer Protection Division. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include an evaluation of internal controls over compliance with federal laws and regulations for federal financial assistance programs and an assessment of OAG's compliance with those laws and regulations because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including OAG.

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 16, 2022 to February 28, 2026, 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 OAG'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 revenue and expenditure data), the State's Central Payroll Bureau (payroll 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 the OAG's case management system, for the purpose of testing payments and the related process. 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 audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

OAG'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 OAG, 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 OAG'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 OAG that did not warrant inclusion in this report.

OAG's response to our findings and recommendations is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise OAG regarding the results of our review of its response.

APPENDIX

CAROLYN A. QUATTROCKI
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STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL

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October 13, 2026

Brian S. Tanen, CPA, CFE
Legislative Auditor
Office of Legislative Audits
Department of Legislative Services
351 West Camden Street, Suite 400
Baltimore, Maryland 21201

Dear Mr. Tanen,

Enclosed is the Office of the Attorney General's response to the draft audit report on the Office of the Attorney General for the period beginning June 16, 2022 and ending February 28, 2026, which accompanied your letter of September 25, 2026. In accordance with the Joint Audit and Evaluation Committee's *Policy on Agency Responses to Reports Issued by the Office of Legislative Audits*, the enclosed Agency Response Form addresses each recommendation in the order presented in the report and provides a plan and timetable with specific implementation dates.

The Office agrees with each of the report's recommendations and is committed to implementing the corrective actions described in its response. I appreciate the professionalism and cooperation of your staff throughout the audit.

Please contact me with any questions regarding the Office's response.

Sincerely,

Anthony G. Brown

Enclosure

Office of the Attorney General

Agency Response Form

Case Management System

Finding 1
The Office of the Attorney General (OAG) did not effectively monitor its case management system vendor and did not take sufficient action when the vendor continued to fail to provide the system in accordance with the contract. The contract expired in June 2025 after OAG paid the vendor $1.8 million for a system that is still not implemented in certain divisions required by the contract.

We recommend that OAG

a. **ensure that all required critical deliverables are received and use them to monitor contract progress (repeat);**
b. **retroactively notify the BPW that the system had not been fully implemented before contract expiration and in the future, notify BPW of all pertinent information when seeking approval (repeat);**
c. **ensure that payments are made in accordance with the contract terms (repeat); and**
d. **review all payments to the vendor and take appropriate action to recover any amounts paid to the vendor for services that were not received (repeat).**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	OAG acknowledges that the case management system was not fully implemented before the contract expired in June 2025. The system is fully implemented in the Civil Division, which supports the Agency Client Units and accounts for more than half of OAG personnel, and is in use in two units of the Consumer Protection Division. The instance delivered to the Medicaid Fraud and Vulnerable Victims Unit did not meet that Unit's needs. Since 2023, OAG has expanded its information technology staff to strengthen vendor oversight. OAG entered into a licensing and maintenance contract required for continued operation of the system and plans to procure an enterprise-wide matter management system, at which point the current system will be retired.		
Recommendation 1a	Agree	**Estimated Completion Date:**	12/31/2026

Office of the Attorney General

Agency Response Form

Please provide details of corrective action or explain disagreement.	The case management system contract has concluded. OAG has designated the Director of Information Technology as the contract monitor for the current licensing and maintenance contract and will designate a contract monitor for the planned matter management system contract. The contract monitor will maintain a log of all critical deliverables required by the contract, such as status reports and transition plans, document their receipt, and use them to monitor contract progress. The contract monitor will confirm receipt of required deliverables before approving any related invoice.		
Recommendation 1b	Agree	**Estimated Completion Date:**	12/31/2026
Please provide details of corrective action or explain disagreement.	By 12/31/2026, OAG will notify the BPW in writing that the system had not been fully implemented when OAG requested approval of the second renewal option in June 2023 or before the contract expired. Effective immediately, OAG's procurement officer and the assigned contract monitor will review each OAG request for BPW approval to ensure it discloses all pertinent information, including known vendor performance issues.		
Recommendation 1c	Agree	**Estimated Completion Date:**	11/30/2026
Please provide details of corrective action or explain disagreement.	The case management system contract has concluded. For the current licensing and maintenance contract and the planned matter management system contract, the contract monitor will verify, before approving each invoice, that the payment is due under the contract terms. Payments tied to implementation or acceptance will not be approved until OAG has accepted the related deliverable in writing.		
Recommendation 1d	Agree	**Estimated Completion Date:**	01/31/2027
Please provide details of corrective action or explain disagreement.	By 01/31/2027, OAG will review all payments made to the vendor against the contract terms and the system components delivered, document the results, and take appropriate action to recover any amounts paid for services not received.		

Office of the Attorney General

Agency Response Form

Outside Counsel Services

Finding 2
OAG did not have adequate procedures and controls for the procurement and use of outside counsel by State agencies resulting in the inability to properly budget, track, and monitor related payments.

We recommend that OAG

a. **work with DGS and DBM to establish purchase orders on the State's accounting system to effectively track the use of these services by State agencies;**
b. **establish written procedures and controls for use of outside counsel services by State agencies;**
c. **provide guidance or otherwise monitor agencies to ensure they tracked and monitored payments for these services; and**
d. **ensure that outside counsel services are properly recorded in the State's accounting system by the related State agency.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	In 2023 and 2024, OAG began the process of creating a repository of all outside counsel contracts and centralized the process of procuring these services in the OAG's Executive Division. In January 2025, the contract repository was expanded to also include all task orders issued under the contracts. Prior to this change, the process for retaining outside counsel and assigning work by task orders was dispersed across the agency, and no centralized recordkeeping was maintained. The process of refining and improving OAG's management of outside counsel is ongoing. OAG agrees that it would be beneficial for budgeting and operational purposes to clarify existing or establish new procedures to track spending on Assistant Counsel across all State agencies and instrumentalities. However, OAG has not had, and does not have, all the necessary authority or tools to oversee, track, or monitor the payment processing of invoices for outside counsel services by our client agencies. OAG will work with DGS and DBM to develop the additional procedures needed to do so.		
Recommendation 2a	Agree	**Estimated Completion Date:**	12/31/2027

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Please provide details of corrective action or explain disagreement.	By 03/31/2027, OAG will meet with DGS and DBM to determine the most appropriate method for tracking State agency use of, and spending on, outside counsel services in the State's accounting system, including the use of purchase orders. OAG will implement the approach agreed upon with DGS and DBM by 12/31/2027.		
Recommendation 2b	Agree	**Estimated Completion Date:**	06/30/2027
Please provide details of corrective action or explain disagreement.	OAG will develop and implement written procedures and controls for the use of outside counsel services by State agencies. The procedures will require a written request for services identifying the scope of work, assigned counsel, and estimated cost for each matter; require invoices to show costs by matter; and require the assigned OAG attorney to verify, before approving an invoice for payment, that billed personnel and rates match the contract. OAG will maintain a central record of all approved invoices, in addition to its current tracking of contracts and task orders, and will update its June 2026 guide to State agencies accordingly. These procedures will be revised as needed based on the outcome of Recommendation 2a.		
Recommendation 2c	Agree	**Estimated Completion Date:**	12/31/2027
Please provide details of corrective action or explain disagreement.	OAG will issue written guidance to State agencies on tracking and monitoring outside counsel services and related payments, including tracking costs by matter and reconciling payments to approved invoices. Using the central invoice record established under Recommendation 2b, OAG will periodically compare approved invoices to payments recorded in the State's accounting system and notify agencies of any discrepancies.		
Recommendation 2d	Agree	**Estimated Completion Date:**	12/31/2027
Please provide details of corrective action or explain disagreement.	Based on the approach agreed upon with DGS and DBM under Recommendation 2a, OAG will issue written instructions to State agencies on properly recording outside counsel payments in the State's accounting system, including charging costs to the State agency for which the services were provided.		

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Procurement

Finding 3
OAG did not always publish contract awards on *eMaryland Marketplace Advantage (eMMA)* as required by State procurement regulations.

We recommend that OAG publish contract awards on *eMMA,* as required, including those noted above

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 3	Agree	**Estimated Completion Date:**	11/30/2026
Please provide details of corrective action or explain disagreement.	OAG has submitted all 11 contract awards noted in the report to *eMMA* for publication. Two have been published, and OAG will continue to follow up until the remaining nine are published, which OAG estimates will occur by 11/30/2026. Going forward, OAG's procurement officer will submit each contract award greater than $100,000 to *eMMA* within 7 days of award and track it until publication is confirmed, and the Budget, Fiscal and Support Services Division will verify compliance quarterly against a log of OAG contract awards.		

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Payroll

Finding 4
OAG did not ensure timesheets were submitted timely and did not document its review of leave adjustments, certain of which could not be supported.

We recommend that OAG

a. **develop procedures to ensure that all outstanding payroll discrepancies are resolved, including those noted above (repeat);**
b. **review available output reports of leave adjustments processed, at least on a test basis, to ensure that only authorized adjustments have been processed (repeat) and ensure the reviews are documented; and**
c. **make appropriate corrections for leave adjustments identified that cannot be supported as proper, including those noted above.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 4a	Agree	**Estimated Completion Date:**	12/31/2026
Please provide details of corrective action or explain disagreement.	OAG will resolve all outstanding payroll discrepancies, including those noted in this report and the preceding audit report, by submitting the necessary adjustments to DBM. The HR Director, working with the HRIS Specialist and timekeeper, is leading this effort. In addition, effective October 1, 2026, OAG implemented a monthly review of available SPS discrepancy reports, in addition to its standard review procedures. Employees and supervisors notified of a discrepancy must resolve it within three business days. Unresolved discrepancies are escalated to the HR Director, and the resolution of each discrepancy is documented.		
Recommendation 4b	Agree	**Estimated Completion Date:**	01/31/2027
Please provide details of corrective action or explain disagreement.	Beginning with the quarter ending December 31, 2026, the Director of the Budget, Fiscal and Support Services Division, or a designee within that Division who does not process leave adjustments, will review, on a quarterly basis, a sample of at least 10 percent of the leave adjustments processed during the quarter, selected from available SPS output reports, to verify that each adjustment was authorized and supported. Each review will be documented on a log signed and dated by the reviewer. Exceptions will be referred to the HR Director for correction, and any		

	exception not corrected within 30 days will be referred to the Chief Operating Officer.		
Recommendation 4c	Agree	**Estimated Completion Date:**	03/31/2027
Please provide details of corrective action or explain disagreement.	Effective October 1, 2026, all leave adjustments require written approval by the HR Director or HR Deputy Director before processing. By 03/31/2027, OAG will review all leave adjustments processed during the audit period that lack documented approval, including the two adjustments noted in the report, and will correct the leave record of any employee whose adjustment cannot be supported as proper.		

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