

News Release

Comptroller Franchot Launches Workgroup on Pandemic Spending

Panel will examine how relief aid is spent, its effectiveness, equitable distribution and potential fraud

ANNAPOLIS, Md. (April 21, 2021) — Comptroller Peter Franchot today announced the formation of the Comptroller’s Workgroup on Pandemic Spending, an agency-led panel that will conduct a comprehensive review of state and federal COVID-related spending.

Resulting from language inserted into the Fiscal Year 2022 budget by the Maryland General Assembly following Comptroller Franchot’s request for an independent review of pandemic-related spending, the workgroup will deliver a full inspection of how pandemic funds have been expended; determine if the funds went to intended recipients and populations most in need; examine disparities in distribution; and identify possible predatory fraud and pandemic profiteering.

“The billions of dollars in federal and state aid has been essential for individuals and small businesses to survive the debilitating economic effects of the global pandemic, but we must make sure these dollars are being properly spent and bringing the greatest benefit to as many Marylanders as possible,” Comptroller Franchot said. “At the same time, we need to determine if theft of taxpayer dollars has occurred through fraud and ensure that companies did not unjustly profit from pandemic aid while our friends and neighbors have been financially decimated.”

The workgroup, chaired by the Comptroller, is composed of key agency leadership – the Deputy Comptroller, the directors of the Comptroller’s General Accounting and Compliance divisions, and the directors of the Bureau of Revenue Estimates and the Office of Risk Management.

The panel will meet biweekly, beginning in May. All sessions will be livestreamed and archived. Meeting topics will include unemployment insurance fraud, pandemic profiteering by large corporations, the legislative audit on the purchase

of COVID-19 test kits from South Korea, emergency procurement practices and access to relief funds by small businesses and low-wage earners. The workgroup will also receive testimony from experts in fraud detection along with firsthand accounts from Marylanders affected by mishandled pandemic relief.

Since March 2020, the State of Maryland, county and local governments, businesses and taxpayers have received over \$50 billion in federal funds in response to the COVID-19 pandemic. The State has expended billions more to procure goods and services and established pandemic relief programs to protect the health and economic welfare of its residents.

“As stewards of the taxpayers’ hard-earned money, it is our responsibility to ensure these funds are being used as expected and reaching those who need it most,” Comptroller Franchot said.

The workgroup will ask state agencies that expended state and federal aid in response to the pandemic to provide documentation on (1) how and where they expended COVID-related public funds; (2) the allocation of funds across business size, income levels, and by program; (3) fraudulent payments that may have been approved; and (4) what steps the agencies have taken to recover fraudulent expenditures.

The General Assembly fenced off \$400,000 in Comptroller agency funds to establish and conduct this review. The workgroup must submit four quarterly reports that include a full accounting of funds provided for pandemic relief and any fraud uncovered through the panel’s review of pandemic-related spending.

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