

Audit Report

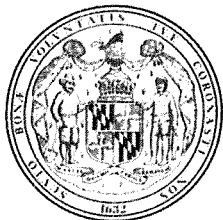
**Office of the Clerk of Circuit Court
Kent County, Maryland**

December 2011



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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Karl S. Aro
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Bruce A. Myers, CPA
Legislative Auditor

December 14, 2011

Delegate Guy J. Guzzone, Co-Chair, Joint Audit Committee
Senator James C. Rosapepe, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have audited the Office of the Clerk of Circuit Court for Kent County, Maryland for the period beginning January 21, 2009 and ending August 17, 2011. The Office performs various functions for the public, including maintaining various legal records, recording certain real estate documents, collecting related fees and taxes, and issuing certain licenses.

Our audit disclosed that the Office did not always submit the final dispositions of motor vehicle cases to the State's Motor Vehicle Administration within the 10-day time frame required by State law.

The Judiciary's response to this audit, on behalf of the Office, is included as an appendix to this report. We wish to acknowledge the cooperation extended to us by the Office during the course of this audit.

Respectfully submitted,

Bruce A. Myers, CPA
Legislative Auditor

Background Information

Agency Responsibilities

The Office performs a variety of functions for the public such as filing, docketing, and maintaining various legal records; recording documents involving title to real estate; collecting the related fees, commissions, and taxes; and issuing certain licenses. In performing these functions, the Office collects funds on behalf of the State, Kent County and its incorporated cities and towns, and others, and subsequently distributes the funds collected to the applicable entities.

Financial Information

According to the State's accounting records, the Office's fiscal year 2011 revenues totaled \$2,412,578. These revenues were distributed in the following manner:

- \$1,283,447 was distributed to Kent County and its incorporated cities and towns,
- \$18 was distributed to others, and
- \$1,129,113 (the remaining amount) represented revenues available to the State for purposes specified in various provisions of State law.

The Office's fiscal year 2011 operating expenses, which were paid primarily from a general fund appropriation, totaled \$713,873.

The Office also maintained custody of a certain trust fund that, according to its records, had a balance totaling \$24,375 as of August 17, 2011.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the finding contained in our preceding audit report dated June 16, 2009. We determined that the Office had not satisfactorily resolved this finding; therefore, it is repeated in this report.

Findings and Recommendations

Motor Vehicle Cases

Finding 1

The Office did not always refer the dispositions of motor vehicle cases to the Motor Vehicle Administration in a timely manner.

Analysis

The Office did not always transmit the dispositions of motor vehicle cases to the Motor Vehicle Administration (MVA) within the time frame required by the Administrative Office of the Courts (AOC). Our test of 10 motor vehicle cases that were filed with the Office during the period from July 2010 to June 2011, which resulted in guilty verdicts, disclosed that, for 6 cases, the Office did not inform the MVA of the cases' guilty dispositions for periods ranging from 4 to 73 days after the required time frame. All of these cases involved critical motor vehicle violations (for example, driving under the influence, reckless driving, and driving a motor vehicle on a suspended license) that, according to State law, may require license suspensions or revocations. A similar condition was commented upon in our preceding audit report.

The Circuit Court adjudicates motor vehicle cases involving appeals from the District Court and cases in which the defendant requested a jury trial. The law requires the clerks of the court to report to the MVA the conviction, forfeiture of bail, dismissal of an appeal, or an acquittal in any case involving a violation of the Maryland Vehicle Law or other traffic law as directed by the AOC. Effective October 1, 2008, the clerks of the court are required to send a record of case disposition for each case involving a motor vehicle violation to the MVA within 10 days of conviction. The timely submission of this information by the Office is critical because the MVA is responsible for processing the dispositions of motor vehicle cases (for example, license revocation for driving while intoxicated), but cannot do so until the Office transmits the case records.

According to the Office's records, during fiscal year 2011, 65 motor vehicle cases were filed with the Office.

Recommendation 1

We recommend that the Office refer the dispositions of motor vehicle cases to the MVA in accordance with the established time frame (repeat).

Audit Scope, Objectives, and Methodology

We have audited the Office of the Clerk of Circuit Court for Kent County, Maryland for the period beginning January 21, 2009 and ending August 17, 2011. 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 Office'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 materiality and risk. The areas addressed by the audit included cash receipts (including taxes and fees collected for real estate transactions), bank accounts, and the recordation of the dispositions of court cases. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the Office's operations. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Data provided in this report for background or informational purposes were deemed reasonable, but were not independently verified.

Our audit did not include certain support services provided to the Office by the Administrative Office of the Courts. These support services (such as payroll, processing of invoices, and maintenance of budgetary accounting records) are included within the scope of our audits of the Judiciary.

The Office'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.

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.

Our audit did not disclose any conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect the Office's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. This report does include a finding regarding a significant instance of noncompliance with applicable laws, rules, or regulations.

The Judiciary's response, on behalf of the Office, 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 the Judiciary regarding the results of our review of its response.

APPENDIX



ROBERT M. BELL
CHIEF JUDGE
COURT OF APPEALS OF MARYLAND
ROBERT C. MURPHY COURTS OF APPEAL BUILDING
361 ROWE BOULEVARD
ANNAPOLIS, MARYLAND 21401-1699

December 8, 2011

Mr. Bruce A. Myers, CPA
Legislative Auditor
Office of Legislative Audits
301 West Preston Street
Baltimore, MD 21201

Dear Mr. Myers,


We have received the Legislative Auditor's Draft Audit Report pertaining to the audit of the Office of the Clerk of the Circuit Court for Kent County, Maryland, for the period beginning January 21, 2009, and ending August 17, 2011.

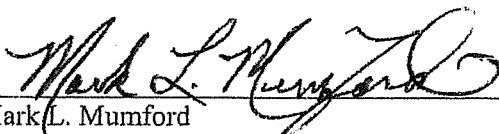
Finding
Motor Vehicle Disposition Reporting

We concur with the finding and recommendation. Our procedures have been strengthened. A report from the Uniform Court System is now generated weekly. This report displays all traffic cases scheduled and heard during the previous week's docket, as well as the dispositions of the cases. This report and our related follow-up procedures will ensure that the final dispositions of motor vehicle cases are submitted to the State Motor Vehicle Administration (MVA) in accordance with the 10-day time frame established by law.

We believe we have responded in full to this finding and recommendation.

Very truly yours,


Robert M. Bell


Mark L. Mumford
Clerk of the Circuit Court for Kent County

cc: Hon. Paul Martin Bowman, Administrative Judge
Frank Broccolina, State Court Administrator
Faye Matthews, Deputy State Court Administrator
Ssali S. Luwemba, Director, Internal Audit Department

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