

Audit Report

---

**State Archives**

April 2020

---



**OFFICE OF LEGISLATIVE AUDITS**  
DEPARTMENT OF LEGISLATIVE SERVICES  
MARYLAND GENERAL ASSEMBLY

### **Joint Audit and Evaluation Committee**

Senator Clarence K. Lam, M.D. (Senate Chair)	Delegate Carol L. Krimm (House Chair)
Senator Malcolm L. Augustine	Delegate Steven J. Arentz
Senator Adelaide C. Eckardt	Delegate Mark S. Chang
Senator George C. Edwards	Delegate Keith E. Haynes
Senator Katie Fry Hester	Delegate Michael A. Jackson
Senator Cheryl C. Kagan	Delegate David Moon
Senator Benjamin F. Kramer	Delegate April R. Rose
Senator Cory V. McCray	Delegate Geraldine Valentino-Smith
Senator Justin D. Ready	Delegate Karen Lewis Young
Senator Craig J. Zucker	One Vacancy

### **To Obtain Further Information**

Office of Legislative Audits  
301 West Preston Street, Room 1202  
Baltimore, Maryland 21201  
Phone: 410-946-5900 · 301-970-5900 · 1-877-486-9964 (Toll Free in Maryland)  
Maryland Relay: 711  
TTY: 410-946-5401 · 301-970-5401  
E-mail: [OLAWebmaster@ola.state.md.us](mailto:OLAWebmaster@ola.state.md.us)  
Website: [www.ola.state.md.us](http://www.ola.state.md.us)

### **To Report Fraud**

The Office of Legislative Audits operates a Fraud Hotline to report fraud, waste, or abuse involving State of Maryland government resources. Reports of fraud, waste, or abuse may be communicated anonymously by a toll-free call to 1-877-FRAUD-11, by mail to the Fraud Hotline, c/o Office of Legislative Audits, or through the Office's website.

### **Nondiscrimination Statement**

The Department of Legislative Services does not discriminate on the basis of age, ancestry, color, creed, marital status, national origin, race, religion, gender, gender identity, sexual orientation, or disability in the admission or access to its programs, services, or activities. The Department's Information Officer has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the United States Department of Justice Regulations. Requests for assistance should be directed to the Information Officer at 410-946-5400 or 410-970-5400.



Victoria L. Gruber  
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Gregory A. Hook, CPA  
Legislative Auditor

April 27, 2020

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee  
Delegate Carol L. Krimm, 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 State Archives for the period beginning November 9, 2015 and ending January 20, 2020. The State Archives is the central depository for Maryland permanent government records and for certain designated private records and is responsible for preserving and maintaining certain artwork and historical documents of cultural significance.

Our audit did not disclose any findings that warrant mention in this report.

We wish to acknowledge the State Archives' efforts to satisfactorily address the finding contained in our preceding audit report. We also wish to acknowledge the cooperation extended to us during the audit by the State Archives.

Respectfully submitted,

A handwritten signature in black ink that reads "Gregory A. Hook".

Gregory A. Hook, CPA  
Legislative Auditor



## **Background Information**

### **Agency Responsibilities**

The State Archives is an independent unit of State government within the Executive Branch. The State Archives' central mission is to identify, appraise, acquire, describe, preserve and make electronically available the permanent records of the past. The State Archives serves as the central depository for Maryland permanent government records and certain designated private records of permanent value, and is responsible for preserving and maintaining a collection of artwork and historical documents of cultural significance. The State Archives maintains a digital copy of all land records and updates the *Maryland Manual Online* website. The State Archives also performs a number of computer-related services for other State agencies, such as helping to design and update websites. According to the State's records, total State Archives expenditures were approximately \$8.9 million during fiscal year 2019.

### **Status of Finding From Preceding Audit Report**

Our audit included a review to determine the status of the finding contained in our preceding audit report dated April 12, 2016. We determined that the State Archives satisfactorily addressed this finding.

## **Findings and Recommendations**

Our audit did not disclose any significant deficiencies in the design or operation of the State Archive's internal control. Our audit also did not disclose any significant instances of noncompliance with applicable laws, rules, or regulations. Findings that did not warrant inclusion in this report were separately communicated to the State Archives.

A draft copy of this report was provided to the State Archives. Since there are no recommendations in this report, a written response was not necessary.

## **Audit Scope, Objectives, and Methodology**

We have conducted a fiscal compliance audit of the State Archives for the period beginning November 9, 2015 and ending January 20, 2020. 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 State Archives' 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 cash receipts, purchasing and disbursements, payroll, equipment (including artistic property), the State Archives Fund, and the Archives Endowment Fund. We also determined the status of the finding contained in our preceding audit report.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of the State Archives' operations, and tests of transactions. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk. Unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, the results of the tests 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) and 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. 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.

The State Archives' 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 the State Archives, 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.

AUDIT TEAM

**Bekana Edossa, CPA, CFE**  
Audit Manager

**Walter L. Horan, IV**  
Senior Auditor

**Tony M. Kinsler**  
Staff Auditor