

Audit Report

**Office of the Register of Wills
Allegany County, Maryland**

September 2020



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

Joint Audit and Evaluation Committee

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Gregory A. Hook, CPA
Legislative Auditor

September 8, 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 Office of the Register of Wills for Allegany County, Maryland for the period beginning July 1, 2016 and ending June 22, 2020. The Office oversees the administration of decedents' estates within Allegany County and assists individuals who administer estates.

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

We wish to acknowledge the Office's 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 Office.

Respectfully submitted,

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

Gregory A. Hook, CPA
Legislative Auditor

Background Information

Agency Responsibilities and Financial Information

The Office of the Register of Wills is a public office established under the Constitution of Maryland. An office is established in each of the 24 Maryland subdivisions. These offices oversee the administration of decedents' estates within their jurisdictions and provide assistance (such as providing the proper forms) to individuals administering estates. The offices collect inheritance taxes and other fees as provided by law.

Inheritance tax collections (less the commissions earned by an office on those collections) are remitted to the State's General Fund. The fees collected and commissions earned by an office are first used to finance the operating expenses it is responsible for paying directly. Generally, the remaining balance of fees and commissions is periodically remitted to the Comptroller of Maryland to finance other operating expenses (such as payroll) that the Comptroller pays on behalf of the offices. On a collective basis, the offices' fees and commissions that exceed their operating expenses are credited to the General Fund.

According to the records of the Office of the Register of Wills for Allegany County, its fiscal year 2019 gross receipts totaled \$797,761 which consisted of inheritance tax collections (net of commissions) of \$413,046 and fees and commissions of \$384,715. The Office's fiscal year 2019 operating expenses totaled \$587,576.

Indictment and Resignation of the Former Register of Wills

In August 2017, the former Register of Wills for Allegany County resigned after being indicted by an Allegany County grand jury for misconduct of office, two counts of felony theft, and one count of misappropriation by a fiduciary. The indictment was the result of an investigation conducted by the Office of the State Prosecutor based on a referral of suspicious activity discovered by the Comptroller of Maryland.

The indictment alleged that from July 2016 through December 2016 the former Register willfully and knowingly exerted unauthorized control over State funds by using an Office corporate purchasing card (CPC) and checking account for personal use and benefit (such as, groceries and hotel bills) totaling \$4,309. During the investigation, the former Register repaid these expenditures.

In April 2018, the former Register pled guilty to one count of misconduct in office (the other counts were dismissed) and received a three-year suspended sentence, two years of supervised probation, and was ordered to perform 150 hours of community service.

We reviewed the current procedures and conducted testing of transactions which confirmed that the internal control weaknesses (such as lack of independent oversight over CPC transactions) that allowed this situation to occur were corrected and no additional questionable transactions were identified.

An interim Register was appointed by the Allegany County Orphan's Court shortly after the resignation of the former Register and this individual was subsequently elected to the position in November 2018.

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 October 17, 2016. We determined that the Office satisfactorily addressed this finding.

Findings and Recommendations

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

A draft copy of this report was provided to the Office. 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 Office of the Register of Wills for Allegany County, Maryland for the period beginning July 1, 2016 and ending June 22, 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 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 significance and risk. The areas addressed by the audit included cash receipts, disbursements, bank accounts, and administration of estates. We also determined the status of the finding contained in our preceding audit report.

Our audit did not include a review of certain support services (such as human resources, maintenance of accounting records, and related fiscal functions) provided to the Office by the Comptroller of Maryland – Office of the Comptroller. These support services are included within the scope of our audits of the Office of the Comptroller.

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 the Office's operations. 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 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 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. 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 Office, 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

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