

Audit Report

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**Department of Health and Mental Hygiene  
Office of the Chief Medical Examiner**

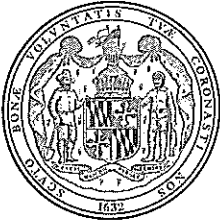
July 2011

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

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DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Karl S. Aro  
Executive Director

July 25, 2011

Bruce A. Myers, CPA  
Legislative Auditor

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 Maryland Office of the Chief Medical Examiner (OCME) of the Department of Health and Mental Hygiene for the period beginning March 17, 2008 and ending May 5, 2011. OCME investigates violent and suspicious deaths and those deaths unattended by a physician. OCME also keeps reports of all investigated deaths and performs autopsies, when necessary, to determine the cause and manner of death.

Our audit disclosed that OCME did not always enter into written contracts and obtain competitive bids when procuring goods and services, as required by State Procurement Regulations. OCME also had not established sufficient internal controls over disbursements.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Bruce A. Myers".

Bruce A. Myers, CPA  
Legislative Auditor



## **Background Information**

### **Agency Responsibilities**

The Office of the Chief Medical Examiner (OCME) investigates violent and suspicious deaths and those deaths unattended by a physician. OCME also keeps reports of all investigated deaths and performs autopsies, when necessary, to determine the cause and manner of death, and makes these records available to the courts, family members, and others. Furthermore, OCME furnishes the State's Attorneys with records relating to deaths for which, in the judgment of the Medical Examiner, further investigation is deemed advisable. According to OCME's records, during fiscal year 2010, OCME investigated 9,971 deaths and performed 4,005 autopsies; OCME's expenditures totaled approximately \$10 million.

### **Accreditation**

In December 2003, OCME was inspected for accreditation by the National Association of Medical Examiners (NAME), and at that time, received accreditation for the period December 17, 2003 to December 17, 2008. In February 2009, NAME performed an accreditation inspection and found several deficiencies which prevented NAME from granting OCME full accreditation status. Rather, OCME was granted provisional accreditation status through May 14, 2010, which has been extended by NAME through May 12, 2011, and again through May 19, 2012. NAME accreditation adds credibility to OCME and is an endorsement that the Office provides an adequate environment for a medical examiner and provides reasonable assurances that the Office well serves its jurisdiction. The accreditation is not a requirement for OCME operations.

The deficiencies identified in February 2009 generally related to staffing issues (for example, caseloads of physicians exceeding applicable standards) and the poor condition of OCME's facility. OCME believes that the deficiencies relating to its facility were addressed when it moved to its new facility in October 2010 and will continue its efforts to correct its staffing deficiencies.

# Findings and Recommendations

## Purchasing and Disbursement Transactions

### **Finding 1**

**OCME did not always enter into written contracts and obtain competitive bids when procuring goods and services, as required, and had not established sufficient internal controls over disbursements.**

### **Analysis**

Certain purchases of goods and services were made without entering into written contracts and obtaining competitive bids, as required by State Procurement Regulations. Additionally, sufficient internal controls had not been established over disbursements. According to the State's accounting records, during fiscal year 2011, OCME's disbursements totaled approximately \$2.2 million, including \$689,000 of corporate purchasing card transactions. Specifically, our review disclosed the following conditions:

- Based on our review of all corporate purchasing card transactions made during the period from July 2009 to April 2011, we noted that OCME made repeated purchases from two vendors via corporate purchasing card without a formal written procurement process. Purchases from these two vendors during this period for medical supplies and lab equipment totaled approximately \$122,700 and \$57,100, respectively. State Procurement Regulations specify that a formal written procurement process (such as competitive sealed bidding) is required for purchases that are reasonably expected to exceed \$5,000; procurements exceeding \$5,000 must also have written contracts.
- Purchasing card activity logs were frequently not reviewed and approved by the cardholder's supervisor, as required. For example, our review of the 29 activity logs prepared during the period from July 2010 to March 2011, with charges totaling approximately \$617,500, disclosed that 23 logs with charges totaling approximately \$510,400 were not reviewed and approved by supervisory personnel. The Comptroller of Maryland's *Corporate Purchasing Card Program Policy and Procedures Manual* requires that cardholder activity logs be reviewed and approved by supervisory personnel.
- Proper internal controls were not established over disbursements. Specifically, one employee was responsible for approving invoices for payment, forwarding the invoices to the Department's Office of the Secretary for payment, and reviewing OCME's charges on the State's accounting

records. Under these conditions, the Office lacked assurance that only authorized disbursement transactions were processed.

### **Recommendation 1**

#### **We recommend that OCME**

- a. utilize a formal written procurement process for purchases that are reasonably expected to exceed \$5,000 and ensure that procurements exceeding \$5,000 have written contracts,**
- b. ensure that purchasing card activity logs are reviewed and approved by supervisory personnel, and**
- c. ensure that an independent employee approves invoices prior to payment.**

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

We have audited the Office of the Chief Medical Examiner (OCME), a unit of the Department of Health and Mental Hygiene, for the period beginning March 17, 2008 and ending May 5, 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 OCME'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 primary areas addressed by the audit included cash receipts, payroll, and procurements and disbursements. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of OCME'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 OCME by the Department of Health and Mental Hygiene's Office of the Secretary and related units. These support services (such as payroll, purchasing, maintenance of

accounting records, and related fiscal functions) are included within the scope of our audits of the Department's Office of the Secretary.

OCME'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.

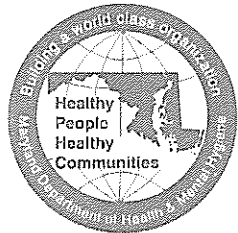
Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

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.

This report includes a condition that we consider to be a significant deficiency in the design or operation of internal control that could adversely affect OCME's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes a significant instance of noncompliance with applicable laws, rules, or regulations. Another less significant finding was communicated to OCME that did not warrant inclusion in this report.

The Department of Health and Mental Hygiene's response, on behalf of OCME, 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 OCME regarding the results of our review of its response.

## APPENDIX



STATE OF MARYLAND

# DHMH

Maryland Department of Health and Mental Hygiene  
201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – Joshua M. Sharfstein, M.D., Secretary

July 22, 2011

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

Dear Mr. Myers:

Thank you for your letter regarding the draft audit report for the Department of Health and Mental Hygiene – Office of the Chief Medical Examiner for the period beginning March 17, 2008 and ending May 5, 2011. Enclosed you will find the Department's response and plan of correction that addresses each audit recommendation. I will work with the appropriate Administration Directors, Programs Directors, and Deputy Secretary to promptly address this audit exception. In addition, the Division of Internal Audits will follow-up on the recommendations to ensure compliance.

If you have any questions or require additional information, please do not hesitate to contact me at 410-767-4639 or Thomas V. Russell of my staff at 410-767-5862.

Sincerely,

Joshua M. Sharfstein, M.D.  
Secretary

### Enclosure

cc: David R. Fowler, M.D., Chief Medical Examiner  
Jerry Dziechichowicz, Administrator, Office of Chief Medical Examiner  
Sanford A. Stass, M.D., Chairman, Post Mortem Examiners Commission  
Frances B. Phillips, R.N., Deputy Secretary for Public Health Administration, DHMH  
Shawn Cain, Chief of Staff to the Public Health Services, DHMH  
Wendy Kronmiller, Chief of Staff to the Office of the Secretary, DHMH  
Thomas V. Russell, Inspector General, DHMH  
Ellwood L. Hall, Jr., Assistant Inspector General, DHMH

# Findings and Recommendations

## Purchasing and Disbursement Transactions

### **Finding 1**

**OCME did not always enter into written contracts and obtain competitive bids when procuring goods and services, as required, and had not established sufficient internal controls over disbursements.**

### **Recommendation 1**

**We recommend that OCME**

- a. utilize a formal written procurement process for purchases that are reasonably expected to exceed \$5,000 and ensure that procurements exceeding \$5,000 have written contracts,**
- b. ensure that purchasing card activity logs are reviewed and approved by supervisory personnel, and**
- c. ensure that an independent employee approves invoices prior to payment.**

### **Office's Response**

We concur with the recommendations.

- a. The OCME will utilize a formal written procurement process for purchases that are reasonably expected to exceed \$5,000 and ensure that procurements exceeding \$5,000 have written contracts. Given that the PIN number for the agency buyer was abolished in January 2011, the DHMH Director of Procurement has agreed to assist in developing formal written procurement contracts, as necessary. The OCME is equally hopeful that it will be successful in obtaining a new PIN for an agency buyer. To date, the following actions have been completed regarding formal written contracts:
  - July 1, 2011 - completed the Neuropathology Contract
  - July 18, 2011 - bids were due for Janitorial Services Contract, and
  - July 27, 2011 - pre-bid meeting for Biological Medical Waste Removal Contract.
- b. The OCME will ensure that purchasing card activity logs are reviewed and approved by supervisory personnel. Effective immediately, the Chief Toxicologist will sign the activity log for the Deputy Chief Toxicologist, the Administrator will sign the log for the Chief of Maintenance, and the Chief

Medical Examiner/designee will sign the activity log for the Administrator until an agency buyer position can be secured.

- c. The OCME will ensure that an independent employee approves invoices prior to payment. The Deputy Chief Medical Examiner of State-wide services reviews and signs all monthly invoices submitted by the Deputy Medical Examiners and the County Forensic Investigators prior to payment. The Office Secretary for the Administrator, who has no authority to purchase any commodities, reviews each requisition/purchase order, packing slip and marks each invoice noting that the product was received in good order, prior to being sent to DHMH for payment. Furthermore, the Administrator and the Deputy Chief Medical Examiner will on a monthly basis test at least 5% of the invoices that are paid to assure proper payment. The DAFRT 100 will be used to identify test samples. The vendor's name, product/service, and payment will be matched with the information in the folder. A review will be completed to ensure agreement between the amount of the invoice and the DAFRT report. The line item in the DAFRT report will be initialed and dated by the Administrator. The Deputy Chief Medical Examiner will follow the same process to ensure that invoices for county investigations and transportation are properly paid.

AUDIT TEAM

**Mark A. Ermer, CPA**  
Audit Manager

**Athenia M. Rock, CFE**  
Senior Auditor