

Audit Report

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

October 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

October 13, 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 Office of the Clerk of Circuit Court for Baltimore County, Maryland for the period beginning January 16, 2008 and ending February 24, 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 resolve certain cases appearing on the traffic case monitoring reports. As a result, related cases with guilty verdicts were not reported to the Motor Vehicle Administration so that penalties could be imposed on the driver's licenses of the offenders.

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, Baltimore County 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 \$21,227,215. These revenues were distributed in the following manner:

- \$2,164,072 was distributed to Baltimore County,
- \$34,332 was distributed to others, and
- \$19,028,811 (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 \$7,139,802.

The Office also maintained custody of certain trust funds that, according to its records, had balances totaling \$3,114,455 as of January 31, 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 May 1, 2008. We determined that the Office had satisfactorily addressed this finding.

# Findings and Recommendations

## Motor Vehicle Cases

### **Finding 1**

**The Office did not resolve certain cases that continued to appear on the traffic case monitoring reports and, as a result, the related guilty verdicts were not reported to the Motor Vehicle Administration.**

### **Analysis**

During our audit, we determined that the Office did not resolve certain cases that continued to appear on its monthly traffic case monitoring reports and, as a result, as of March 2011, the guilty dispositions for 50 traffic violation cases (relating to 39 individuals) were not reported to the Motor Vehicle Administration (MVA) as required by law. These cases were transferred to the Circuit Court from the District Court during the period from 1998 to May 2010. The defendants in these cases had appealed the District Court verdicts, but the cases had not been closed by either Court. We determined that, in 18 cases, the appeals had been dismissed by the Circuit Court and, in 32 cases, the appeals had been subsequently withdrawn by the defendants.

We tested eight of these individuals with traffic violations including reckless driving, driving under the influence of alcohol, and driving on a suspended license. Our tests determined that the Office remanded the cases back to the District Court after the appeals were withdrawn or dismissed. However, because the cases had not been officially closed, the dispositions had not been reported to MVA. In this regard, the Office was aware that the case dispositions had not been reported to MVA since the cases continued to appear on the Circuit Court monthly traffic case monitoring reports. We confirmed that the driving records for these eight individuals did not reflect the traffic violations and the related penalties. The timely submission of this information is critical because the MVA is responsible for processing the disposition of motor vehicle cases (for example, license revocation), but cannot do so until it receives the case records.

The Office advised us it had attempted to work with the District Court to resolve the reporting of these cases to the MVA, but the two parties could not agree as to reporting responsibility and the Office had not contacted the Judiciary for assistance in resolving this issue.

The law requires the clerks of the Circuit Court to send a record of case disposition, for each case involving a motor vehicle violation, to the MVA within ten days of conviction, forfeiture of bail, dismissal of appeal, or acquittal. While

the law does not specifically address the reporting of appeals that are withdrawn, we contacted two other jurisdictions and were advised that the reporting of these cases was handled by the District Courts.

After bringing this issue to its attention, the Office collaborated with the District Court and advised that, as of July 19, 2011, corrective action had been taken by the District Court to report 33 of the aforementioned 50 traffic violations to MVA. The remaining cases were under review.

### **Recommendation 1**

#### **We recommend that the Office**

- a. take immediate action to ensure the reporting of the aforementioned traffic violation case dispositions to the MVA; and**
- b. in the future, take appropriate action, including contacting the Judiciary if necessary, to ensure the dispositions of traffic violation cases that are appealed from the District Court are timely reported to the MVA, as required by State law.**

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

We have audited the Office of the Clerk of Circuit Court for Baltimore County, Maryland for the period beginning January 16, 2008 and ending February 24, 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, accounts receivable, and recording 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. Our audit did disclose a significant instance of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to the Office that did not warrant inclusion in this report.

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

October 5, 2011

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

Dear Mr. Myers,

We received the Legislative Auditor's Draft Audit Report pertaining to the audit of the Office of the Clerk of Circuit Court for Baltimore County, Maryland, for the period beginning January 16, 2008, and ending February 24, 2011. The following is our response to the finding and recommendation in the audit report:

**Finding 1: Motor Vehicle Cases**

We agree with the finding and recommendation.

- a. We took immediate action and collaborated with the District Court to ensure the reporting of the 17 remaining traffic violation case dispositions to the Motor Vehicle Administration (MVA). Of these remaining dispositions identified in the audit report, two were never received by the Circuit Court, and the other 15 were officially closed by the office. We then concluded that the District Court was responsible for reporting these remaining traffic violation case dispositions to the MVA.
- b. Our office has developed additional procedures to ensure that the dispositions of traffic violation cases appealed from the District Court are reported timely to the MVA, as required by State law. These procedures include reports that are used to confirm that the office has officially closed the dismissed and withdrawn appealed motor vehicle cases. These cases are remanded back to the District Court. The District Court is then responsible for reporting the motor vehicle case dispositions to the MVA.

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

Very truly yours,

Handwritten signature of Robert M. Bell in black ink.

Robert M. Bell

Handwritten signature of Julie L. Ensor in black ink.

Julie L. Ensor

Clerk of the Circuit Court for Baltimore County

cc: Hon. John Grason Turnbull, II, Administrative Judge  
Frank Broccolina, State Court Administrator  
Faye Matthews, Deputy State Court Administrator  
Ssali S. Luwemba, Director, Internal Audit Department

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