Audit Report

# Office of the Clerk of the Circuit Court
# Garrett County, Maryland

August 2007

**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

Bruce A. Myers, CPA
Legislative Auditor

August 24, 2007

Delegate Steven J. DeBoy, Sr., Co-Chair, Joint Audit Committee
Senator Nathaniel J. McFadden, 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 Garrett County, Maryland for the period beginning June 7, 2004 and ending May 20, 2007.

Our audit disclosed that the Office did not refer the disposition of certain court cases involving motor vehicle violations to the State's Motor Vehicle Administration in a timely manner.

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, Garrett County and its incorporated cities and towns, and others, and subsequently distributes the funds collected to the applicable entities.

## Financial Information

According to the Office's accounting records, the Office's fiscal year 2006 revenues totaled $12,666,911. These revenues were distributed in the following manner:

- $7,072,440 was distributed to Garrett County and its incorporated cities and towns;
- $240 was distributed to others; and
- $5,594,231 (the remaining amount) represented revenues available to the State for purposes specified in various provisions of State law.

The Office's fiscal year 2006 operating expenses, which were paid primarily from a general fund appropriation, totaled $601,616.

The Office also maintained custody of certain trust funds that, according to the records, had balances totaling $96,938 as of May 20, 2007.

# Findings and Recommendations

## Motor Vehicle Cases

**Finding 1**
**The Office did not always refer the disposition of motor vehicle cases to the Motor Vehicle Administration in a timely manner.**

**Analysis**
The Office did not always transmit the disposition of motor vehicle cases to the Motor Vehicle Administration (MVA) within the 15-day timeframe required by law. Specifically, our test of 15 motor vehicle cases disposed of by the Office during the period from March 2006 to May 2007 disclosed that 10 cases were not referred to the MVA for periods ranging from 57 days to 196 days after the required time frame. Four of these 10 cases involved convictions of defendants who were driving under the influence of alcohol.

The Circuit Court adjudicates motor vehicle cases involving appeals from the District Court, and cases in which the defendant requested a jury trial. State law requires the clerks of the court to send a record of case disposition, for cases involving motor vehicle violations to the MVA, within 15 days of conviction, forfeiture of bail, dismissal of appeal, or acquittal. The timely submission of this information by the Office is critical as 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.

**Recommendation 1**
**We recommend that the Office refer the dispositions of motor vehicle cases to the MVA in accordance with the time frame established by law.**

# Audit Scope, Objectives, and Methodology

We have audited the Office of the Clerk of Circuit Court for Garrett County, Maryland for the period beginning June 7, 2004 and ending May 20, 2007. The audit was conducted in accordance with generally accepted government auditing standards.

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. 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.

Our audit scope was limited with respect to the Office's cash transactions because the Office of the State Treasurer was unable to reconcile the State's main bank accounts during a portion of the audit period. Due to this condition, we were unable to determine, with reasonable assurance, that all Office cash transactions prior to July 1, 2005 were accounted for and properly recorded on the related State accounting records as well as the banks' records.

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, however, 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 finding and recommendation 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

August 15, 2007

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

Dear Mr. Myers:

We are in receipt of the Legislative Auditor's Draft Audit Report pertaining to the audit of the Office of the Clerk of the Circuit Court of Garrett County, Maryland for the audit period beginning June 7, 2004 and ending May 20, 2007.

Motor Vehicle Cases
Finding 1

We have established procedures to report disposition of motor vehicle cases to the Motor Vehicle Administration in accordance with the timeframe established by law.

We believe this responds in full to the exception in the audit report.

Very truly yours,

Robert M. Bell
Chief Judge
Court of Appeals

Sondra R. Buckel,
Clerk of the Circuit Court for
Garrett County, Maryland

Cc: Hon. James L. Sherbin, Administrative Judge
Frank Broccolina, State Court Administrator
James Pasko, Acting Director of Internal Audit

Audit Team

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

**David R. Fahnestock**
Senior Auditor

**Rick E. Pyles**
Staff Auditor