

Audit Report

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**Comptroller of Maryland**  
**Office of the Comptroller**  
**Bureau of Revenue Estimates**

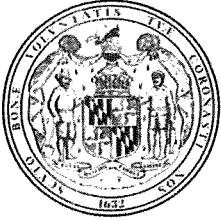
March 2012

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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

March 26, 2012

Bruce A. Myers, CPA  
Legislative Auditor

Senator James C. Rosapepe, Co-Chair, Joint Audit Committee  
Delegate Guy J. Guzzone, Co-Chair, Joint Audit Committee  
Members of Joint Audit Committee  
Annapolis, Maryland

Ladies and Gentlemen:

We have audited the Comptroller of Maryland (COM) – Office of the Comptroller (OOC) and the Bureau of Revenue Estimates (BRE) for the period beginning March 9, 2009 and ending October 5, 2011. The OOC aids the Comptroller of Maryland in the general supervision of State fiscal affairs; provides certain support services for units of the COM, the Board of Public Works, and the Registers of Wills; maintains accounting records for the State's general obligation debt; and administers the State's capital grants program. The BRE studies and analyzes State revenue sources and periodically prepares estimates of State revenues.

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

We wish to acknowledge the cooperation extended to us during the course of this audit by the OOC and BRE.

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 Comptroller (OOC) maintains the accounting records for the State's general obligation debt and administers the State's Capital Grants program. The OOC provides certain support services to all units of the Comptroller of Maryland, the Board of Public Works, and the Registers of Wills located in Maryland's 24 subdivisions. By law, the OOC's budgetary responsibility for the Registers of Wills, which are elected positions, is limited to setting the number of the assistant clerks or deputy registers and related salaries, and increasing the salary of each nonelected employee consistent with increases granted to State employees. The OOC is also responsible for providing guidance to the Registers of Wills regarding fiscal policies, approving certain procurements, and providing input on personnel matters. The Bureau of Revenue Estimates (BRE) studies and analyzes State revenue sources and periodically prepares estimates of State revenues.

According to the State's accounting records, the OOC and BRE expenditures totaled approximately \$9.6 million during fiscal year 2011 and, according to OOC's records, capital grant expenditures totaled \$69.2 million during fiscal year 2011.

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

Our audit included a review to determine the status of the two findings contained in our preceding audit report dated August 11, 2009. We determined that OOC and BRE had satisfactorily resolved these findings.

## **Findings and Recommendations**

Our audit did not disclose any significant deficiencies in the design or operation of the OOC's and BOE's (hereinafter collectively referred to as the Office) internal control. Nor did our audit disclose any significant instances of noncompliance with applicable laws, rules, or regulations. Less significant findings were communicated to the Office that did not warrant inclusion in this report.

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 audited the Comptroller of Maryland – Office of the Comptroller and the Bureau of Revenue Estimates (hereinafter collectively referred to as the Office) for the period beginning March 9, 2009 and ending October 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 the Office's financial transactions, records and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations. We also determined the status of the findings contained in our preceding audit report.

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 monitoring capital grants, procurements and disbursements, and payroll. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of 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 included a review of certain support services (such as, processing of invoices, maintenance of accounting records, payroll, and related fiscal functions) provided by the Office to the other units of the Comptroller of Maryland, the Board of Public Works, and the Register of Wills offices located in Maryland's 24 subdivisions. Our audit did not include certain support services provided to the Office by the Comptroller of Maryland – Information Technology Division related to the procurement and monitoring of information technology equipment and services; these support services are included in the scope of our audits of the Information Technology Division.

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.

AUDIT TEAM

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

**Robert J. Smith**  
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