

Audit Report

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**Office of the Register of Wills  
Prince George's County, Maryland**

February 2011

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

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**Karl S. Aro**  
Executive Director

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

**Bruce A. Myers, CPA**  
Legislative Auditor

February 28, 2011

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 Register of Wills for Prince George's County, Maryland for the period beginning October 9, 2007 and ending October 5, 2010. The Office oversees the administration of decedents' estates within Prince George's County and assists individuals who administer estates.

Our audit disclosed that controls over disbursements need to be strengthened.

The Office's response to this audit 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 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. These fees, as well as the commissions earned by an office on inheritance tax collections, are generally used to finance that office's operating expenses. Inheritance tax collections (less the applicable commissions) and any fees and commissions in excess of operating expenses are remitted to the State's General Fund. On a collective basis, the offices' fees and commissions that exceed their operating expenses are retained by the General Fund. In the event that an individual office's fees and commissions are not sufficient to finance its operating expenses, the difference is paid from the General Fund.

### **Financial Information**

According to the Office's records, the Office's fiscal year 2010 gross receipts totaled \$5,105,894. These receipts were distributed in the following manner:

- \$3,031,755 in inheritance tax collections were remitted to the General Fund;
- \$2,074,139 in fees and commissions were disbursed for certain operating expenses and refunds, or remitted to the General Fund.

The Office's fiscal year 2010 operating expenses totaled approximately \$2,279,759.

## Findings and Recommendations

### Disbursements

#### **Finding 1**

**Adequate controls were not established over disbursements.**

#### **Analysis**

The employee responsible for preparing the checks was authorized to, and periodically did, sign the checks. This employee was also responsible for approving the invoices for payment. Consequently, improper disbursements would not be readily detected. We were advised that position vacancies led to these duties being performed by the same person.

According to the Office's records, during fiscal year 2010, \$5.1 million was disbursed for operating expenses and refunds or remitted to the State's General Fund through the related checking account. The Comptroller of Maryland's *Accounting Procedures Manual* requires that duties be properly segregated and that supporting documentation be reviewed by authorized personnel to ensure that disbursements are properly processed and accounted for.

#### **Recommendation 1**

**We recommend that the duties of check preparation and check approval be segregated. We advised the Office on accomplishing the necessary separation of duties utilizing existing personnel.**

## Audit Scope, Objectives, and Methodology

We have audited the Office of the Register of Wills for Prince George's County, Maryland for the period beginning October 9, 2007 and ending October 5, 2010. 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, cash disbursements, bank accounts, and administration of estates. 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 a review of certain support services provided to the Office by the Comptroller of Maryland – Office of the Comptroller. These support services (such as payroll, maintenance of accounting records, and related fiscal functions) are included within the scope of our audits of the Office of the Comptroller.

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 disclosed a finding that we consider to be a significant deficiency 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 not disclose any significant instances of noncompliance with applicable laws, rules, or regulations.

The Office's response 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 Office regarding the results of our review of its response.



## REGISTER OF WILLS PRINCE GEORGE'S COUNTY

CERETA A. LEE  
REGISTER OF WILLS

TELEPHONE: (301) 952-3250  
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February 28, 2011

Bruce A. Myers, CPA  
State of Maryland  
Office of Legislative Audits  
301 West Preston Street  
Room 1202  
Baltimore, Maryland 21201

Dear Mr. Myers:

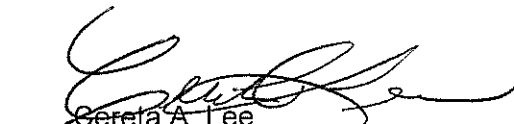
During the recent audit period beginning October 9, 2007 and ending October 5, 2010, it was brought to my attention that our controls over disbursements needed to be strengthened.

Responsibilities for accounts payable are based on the individual's classification; therefore, we are limited on the number of persons that we can allow to sign or write checks. The individual that had both capabilities was used solely as a back up for signing checks on an emergency basis only during my absence. I also personally re-review all checks prior to signing the monthly reports. As you stated in the audit report your audit did not disclose any significant instance of noncompliance with applicable laws, rules or regulations.

I would also like to point out that at no time did the individual in question approve the related bank reconciliations for the office; for this is a completely different individual that does not have the capability to sign or write checks.

Prior to your representatives leaving our office, we implemented changes to not allow the individual writing the checks the ability to sign checks as to eliminate any concern over this matter.

Sincerely,



Cereta A. Lee  
Register of Wills

AUDIT TEAM

**William R. Smith, CPA**  
Audit Manager

**J. Alexander Twigg**  
Senior Auditor

**Jeneba R. Jalloh**  
Staff Auditor