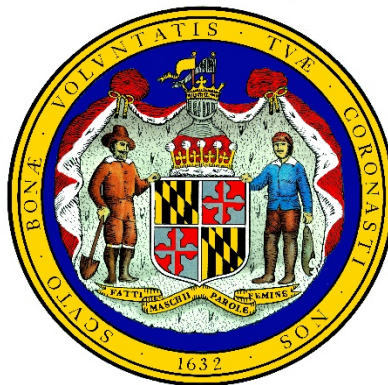


Audit Report

Office of the Clerk of Circuit Court Baltimore City, Maryland

February 2026



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

Joint Audit and Evaluation Committee

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

February 13, 2026

Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Office of the Clerk of Circuit Court for Baltimore City, Maryland for the period beginning October 16, 2021 and ending July 15, 2025. 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 have adequate procedures in place to ensure the accuracy of recorded criminal case dispositions or to ensure accountability over critical information transmitted to other agencies, such as the Department of Public Safety and Correctional Services. According to the Judiciary's records, approximately 7,700 criminal cases closed during fiscal year 2025.

In addition, our audit disclosed two Office employees could unilaterally process trust and working fund disbursements without independent review and approval. Fund disbursements totaled approximately \$7.3 million during our audit period.

The Judiciary's response to this audit, on behalf of the Office, is included as an appendix to this report. We reviewed the response to our findings and related recommendations, and have concluded that the corrective actions identified are sufficient to address all issues.

We wish to acknowledge the cooperation extended to us during the audit by the Office.

Respectfully submitted,

Brian S. Tanen

Brian S. Tanen, CPA, CFE
Legislative Auditor

Background Information

Agency Responsibilities

The Office is organized into several divisions, including the Trust Clerk, and 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 City 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 2025 revenues totaled \$32,679,627. These revenues were distributed in the following manner:

- \$1,716,887 was distributed to Baltimore City,
- \$404,003 was distributed to others, and
- \$30,558,737 (the remaining amount) represented revenues available to the State for purposes specified in various provisions of State law.

The majority of the Office's fiscal year 2025 expenditures, which totaled \$28,979,541 (see Figure 1 on the following page), were salaries and wages that were paid primarily from a general fund appropriation.

The Office also maintained custody of certain trust funds and special purpose funds that, according to its records, had balances totaling \$2,874,675 as of June 30, 2025.

Figure 1
Office of the Clerk of Circuit Court for Baltimore City
Positions, Expenditures, and Funding Sources

Full-Time Equivalent Positions as of June 30, 2025	
	Positions
Filled	267
Vacant	13
Total	280
Fiscal Year 2025 Expenditures	
	Expenditures
Salaries, Wages, and Fringe Benefits	\$27,283,445
Operating Expenses	1,696,096
Total	\$28,979,541
Fiscal Year 2025 Funding Source	
	Funding
General Fund	\$25,883,968
Special Fund	2,596,615
Reimbursable Fund	498,958
Total	\$28,979,541

Source: State financial and personnel records

Criminal Court Fee Functions and Abatements

In our four preceding audit reports dating back to June 2011, we noted that collection efforts for criminal court fees, fines, and penalties, and the related recordkeeping were not sufficient to ensure compliance with State regulations. Prior to May 1, 2024, the Office had a memorandum of understanding (MOU) with the Baltimore City Sheriff's Office (BCSO) that required BCSO to maintain criminal court fee detailed account receivable records, prepare related dunning notices, process and distribute collections to the appropriate State and local entities as required by law. The Office was responsible for issuing the initial billings, maintaining the accounts receivable control account, mailing dunning notices, and forwarding delinquent accounts to the Department of Budget and Management's Central Collection Unit (CCU).

Effective May 1, 2024, the MOU was terminated, and the Office took over the functions formerly performed by BCSO. Our preceding audit report dated October 17, 2022 noted that as of March 2022, the Office had not referred 22,750 accounts with outstanding criminal court fees totaling \$6.2 million to CCU. Our current review noted that on March 21, 2023, the Office obtained CCU authorization to abate 39,878 accounts totaling approximately \$10.1 million. We did not identify any related conditions that warrant inclusion in this report.

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 October 17, 2022. See Figure 2 for the results of our review.

Figure 2 Status of Preceding Findings		
Preceding Finding	Finding Description	Implementation Status
Finding 1	Collection efforts for criminal court fees, fines, and penalties, and the related recordkeeping, were not sufficient to ensure compliance with State regulations.	Not repeated
Finding 2	The Office lacked adequate controls over land recordation, licensing, and civil court fee collections.	Not repeated

Findings and Recommendations

Criminal Court Case Dispositions

Finding 1

The Office did not have adequate procedures to ensure criminal case dispositions were accurately recorded on the automated court system and required critical documents were transmitted to other agencies.

Analysis

The Office did not have adequate procedures to ensure criminal case dispositions were accurately recorded on the automated court system and required critical documents were transmitted to other agencies. According to the Judiciary's

records, there were approximately 7,700 criminal cases closed during fiscal year 2025. Our review disclosed the following conditions:

- The Office did not have adequate procedures to ensure case dispositions, including sentencing information and court fees, fines, and penalties, were accurately recorded. The courtroom clerk manually recorded the case disposition on various documents that were used by other Office personnel to update the Maryland Electronic Courts (MDEC) system. Our review disclosed that while an Office supervisor compared the MDEC information to the documents prepared by the courtroom clerk for consistency, there was no process to ensure the courtroom clerk recorded the disposition correctly (such as by reviewing courtroom transcripts or recordings). As a result, there was a lack of assurance that the information contained within MDEC was accurate.
- The Office did not have sufficient procedures to ensure required critical documents were transmitted to other agencies. The Office was required to generate various documents to communicate the Courts' decisions to external parties, such as the Baltimore City Sheriff's Office, and the Department of Public Safety and Correctional Services. Our review disclosed that the Office did not have a process (such as maintaining a transfer log, similar to what the Office used for other critical documents) to ensure all critical documents, including certain arrest warrants, commitment letters, jail release forms, and probation supervision orders, were transferred as required.

Our test of 25 criminal court case records did not identify any deficiencies that warrant mention in this report.¹ Since the aforementioned information is critical for public safety, it is incumbent on the Office to ensure the information is accurate and properly communicated, as required.

Recommendation 1

We recommend that the Office

- a. ensure court dispositions are verified by supervisory personnel, at least on a test basis, to independent source documents such as courtroom recordings; and**
- b. ensure adequate accountability is established and documented for the transfer of critical documents to other agencies.**

¹ Case records were arbitrarily selected based on the manner of the case disposition, complexity of the case record, severity of the charges, and time period of the disposition between January 2023 and June 2025.

Trust and Special Purpose Funds

Finding 2

Two Office employees could unilaterally process disbursements from the trust and special purpose funds without independent review and approval.

Analysis

Two Office employees could unilaterally process disbursements from the trust and special purpose funds without independent review and approval. The trust and special purpose funds are used to disburse monies held in escrow, such as for certain civil fees or criminal bond money. During our audit period, disbursements from the funds totaled approximately \$7.3 million.

Our review identified two employees who had access to blank check stock, the ability to post disbursements in the judicial information system, print the related checks, and report issued checks to the bank (positive pay). In addition, these employees also prepared and reviewed the fund reconciliations, respectively. Our test of 25 disbursements totaling approximately \$700,000 did not disclose any improper transactions.²

According to the Comptroller of Maryland's *Accounting Policies and Procedures Manual*, proper segregations of duties include, but are not limited to, the abilities to authorize, record, and approve transactions; custody of the related asset; and reconciliation between the asset and recorded amounts.

Recommendation 2

We recommend the Office adequately segregate critical trust and special purpose fund disbursement functions to ensure disbursements are subject to independent review and approval. We advised the Office how to achieve the necessary segregation of duties using existing personnel.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Office of the Clerk of Circuit Court for Baltimore City, Maryland for the period beginning October 16, 2021 and ending July 15, 2025. 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

² Test items included disbursements made between May 2024 and April 2025, and were selected based on materiality and risk of impropriety.

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 significance and risk. The areas addressed by the audit included cash receipts (including taxes and fees collected for real estate transactions), certain payroll activities, bank accounts, accounts receivables, certain jury program activities, and court records. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include a review of certain support services provided to the Office by the Administrative Office of the Courts. These support services (such as human resources and payroll activities, invoice processing, and maintenance of budgetary accounting records) are included within the scope of our audits of the Judiciary.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of October 16, 2021 to July 15, 2025, but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of the Office's operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Central Payroll Bureau (payroll data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these sources were sufficiently reliable for the purposes the data were used during this audit.

We also extracted data from the Office's jury and court record systems for the purposes of testing certain areas, such as jury duty and court activities. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

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. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to the Office, were considered by us during the course of this audit.

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 findings relating to 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 report also includes a finding regarding 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 response from the Judiciary, 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

Circuit Court for Baltimore City Clerk's Office Xavier A. Conaway

February 9, 2026

Mr. Brian S. Tanen, CPA, CFE
Legislative Auditor
Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street, Suite 400
Baltimore, Maryland 21201

Dear Mr. Tanen:

We have received the draft audit report pertaining to the Baltimore City Circuit Court Clerk's Office for the period October 16, 2021 through July 15, 2025. The attached document contains our responses to the findings and recommendations in the audit report.

We believe we have responded in full to the findings and recommendations.

Sincerely,

A handwritten signature in cursive script, reading "Judy K. Rupp", is written over a horizontal line.

Judy K. Rupp
State Court Administrator

A handwritten signature in cursive script, reading "Xavier A. Conaway", is written over a horizontal line.

Xavier A. Conaway
Clerk of the Circuit Court for
Baltimore City

Cc: Hon. Matthew J. Fader, Chief Judge
Hon. Audrey J.S. Carrion, Administrative Judge, Baltimore City Circuit Court
Nancy Faulkner, Deputy State Court Administrator
Stephane J. Latour, Managing Legal Counsel, Internal Affairs
Solomon Ayele, Director, Internal Audit

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

Agency Response Form

Criminal Court Case Dispositions

Finding 1

The Office did not have adequate procedures to ensure criminal case dispositions were accurately recorded on the automated court system and required critical documents were transmitted to other agencies.

We recommend that the Office

- a. ensure court dispositions are verified by supervisory personnel, at least on a test basis, to independent source documents such as courtroom recordings; and**
- b. ensure adequate accountability is established and documented for the transfer of critical documents to other agencies.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	The Clerk of the Circuit Court Office for Baltimore City acknowledges this finding and emphasizes that it pertains to procedural verification and documentation controls, not to the accuracy of final case outcomes or systemic operational deficiencies. The Clerk's Office's internal review determined that these matters stemmed from isolated lapses in verification practices and documentation consistency, not from widespread failure or intentional misconduct. We agree that there was no evidence of improper handling of cases, delayed justice, or harm to litigants.		
Recommendation 1a	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	The Clerk's Office emphasizes that court recordings are reviewed for 100% of criminal releases to ensure the accuracy of dispositions that result in custody determinations. In addition, beginning in April 2025, the Clerk's Office implemented a supervisory review process in which approximately 10% of criminal case dispositions are reviewed using court recordings to verify accuracy and consistency. This review is conducted independently from the original entry process and serves as a quality-control measure to confirm that dispositions entered in MDEC align with courtroom proceedings. This review process supplements existing procedures in which staff review each hearing sheet to confirm case identifiers, verify that all charges, outcomes, and sentencing details recorded in MDEC match the		

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

Agency Response Form

	hearing sheet, and ensure that all related documents are properly associated with the correct events in the system. These steps are documented through staff initials and task completion within the established workflow. In alignment with the audit finding, the Clerk's Office has formalized this supervisory review process, ensuring that independent review of court dispositions is conducted at least on a test basis through court recordings.		
Recommendation 1b	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	To address accountability related to the transfer of critical documents to external agencies, the Clerk's Office has formally clarified staff responsibilities and reinforced documentation requirements associated with transmittals. Supervisory oversight has been strengthened to ensure compliance.		

Office of the Clerk of Circuit Court Baltimore City, Maryland

Agency Response Form

Trust and Special Purpose Funds

Finding 2

Two Office employees could unilaterally process disbursements from the trust and special purpose funds without independent review and approval.

We recommend the Office adequately segregate critical trust and special purpose fund disbursement functions to ensure disbursements are subject to independent review and approval. We advised the Office how to achieve the necessary segregation of duties using existing personnel.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	The Clerk's Office acknowledges this finding and is aligned that the audit did not identify any improper disbursements, waste, fraud, abuse, or financial loss. All transactions reviewed were appropriate and supported. This finding reflects a control-structure vulnerability rather than evidence of misconduct. The Clerk's Office views this recommendation as an opportunity to further strengthen internal controls and align procedures with best practices for fiscal oversight.		
Recommendation 2	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	In response to this recommendation, the Clerk's Office has implemented segregation of duties for the Trust and Special Purpose fund disbursement functions. <u>Positive Pay – segregated functions:</u> 1. Report positive pay records to the bank 2. Receive positive pay exceptions from the bank <u>Bank Reconciliations -segregated functions:</u> 1. Preparer 2. Reviewer <u>Checks- segregated functions:</u> 1. Custody of check stock/Check Preparer 2. Authorize payments 3. Report positive pay records to the bank		

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

Agency Response Form

	We believe that the changes we have implemented effectively achieve proper segregation of duties between the custody of assets, the recorded accountability, the authorization, and the periodic reconciliation between the asset and the recorded amount of Trust and Special Purpose fund disbursements.
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AUDIT TEAM

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