Audit Report

Office of the Attorney General

July 2008



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

July 9, 2008

Senator Verna L. Jones, Co-Chair, Joint Audit Committee
Delegate Steven J. DeBoy, Sr., Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have audited the Office of the Attorney General for the period beginning January 24, 2005 and ending March 5, 2008.

Our audit did not disclose any findings.

Respectfully submitted,

Bruce A. Myers, CPA
Legislative Auditor

Background Information

Agency Responsibilities

The Office of the Attorney General (OAG) is a public office established under the Constitution of Maryland. OAG operates under the provisions of Title 6 of the State Government Article. The Attorney General acts as legal counsel to the Governor, General Assembly, Judiciary, and State agencies, boards, and commissions. OAG represents the State in all legal matters of interest to the State. OAG also reviews legislation passed by the General Assembly for form and legal sufficiency, enforces antitrust, consumer protection and securities laws, prosecutes Medicaid provider fraud, and monitors residential juvenile facilities. According to the State's records, operating costs totaled approximately $25 million (primarily salaries and wages) during fiscal year 2007.

Reorganization

Chapter 12 of the 2006 Laws of Maryland transferred the duties of the Independent Juvenile Justice Monitor from the Governor's Office for Children, Youth, and Families to OAG, effective January 2006. It also established the Juvenile Justice Monitoring Unit (JJMU) of OAG, which monitors all of the Department of Juvenile Services' residential juvenile facilities, to ensure that the children's needs are being met, their rights are upheld, and they are not being abused. The scope of this audit includes the activities of the JJMU subsequent to the reorganization.

Status of Findings From Preceding Audit Report

We reviewed the status of the two findings included in our preceding audit report dated July 22, 2005. We determined that OAG satisfactorily addressed these findings.

Findings and Recommendations

Our audit did not disclose any significant deficiencies in the design or operation of OAG's internal controls. Nor did our audit disclose any significant instances of noncompliance with applicable laws, rules, or regulations.

A draft copy of this report was provided to OAG. Since there are no recommendations in this report, a written response was not necessary.

Audit Scope, Objectives, and Methodology

We have audited the Office of the Attorney General (OAG) for the period beginning January 24, 2005 and ending March 5, 2008. 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 OAG'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. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of OAG'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 scope was limited with respect to OAG'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 OAG 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.

OAG'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.

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