

Audit Report

**Office of the Clerk of Circuit Court
Kent County, Maryland**

June 2009



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

June 16, 2009

Delegate Steven J. DeBoy Sr., Co-Chair, Joint Audit Committee
Senator Verna L. Jones, 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 Kent County, Maryland for the period beginning April 3, 2006 and ending January 20, 2009. 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 always refer the disposition of all court cases involving motor vehicle violations to the State's Motor Vehicle Administration in a timely manner.

The Judiciary's response to this audit, on behalf of the Office, is included as an appendix to this report. We wish to acknowledge the cooperation extended to us during the course of this audit by the Office.

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

Financial Information

According to the Office's accounting records, the Office's fiscal year 2008 revenues totaled \$4,459,185. These revenues were distributed in the following manner:

- \$2,559,314 was distributed to Kent County and its incorporated cities and towns; and
- \$1,899,871 (the remaining amount) represented revenues available to the State for purposes specified in various provisions of State law.

The Office's fiscal year 2008 operating expenses, which were paid primarily from a general fund appropriation, totaled \$715,057.

The Office also maintained custody of certain trust and special purpose funds that, according to its records, had balances totaling \$36,022 as of December 31, 2008.

Findings and Recommendations

Motor Vehicle Cases

Finding 1

The Office did not always refer the disposition of motor vehicle cases to the State's Motor Vehicle Administration in a timely manner.

Analysis

The Office did not always transmit the disposition of motor vehicle cases to the State's Motor Vehicle Administration (MVA) within the 10-day timeframe required by the Administrative Office of the Court. Our test of 15 motor vehicle cases that were filed with the Office between April 1, 2008 and December 31, 2008 that resulted in guilty verdicts, disclosed that, for 5 cases, the Office did not

inform the MVA of the cases' guilty dispositions for periods ranging from 5 to 113 days after the required timeframe. All five of these cases involved critical motor vehicle violations (for example, driving while impaired by alcohol), and the law mandated license suspension or revocation in each of the five cases.

The Circuit Court adjudicates motor vehicle cases involving appeals from the District Court and cases in which the defendant requested a jury trial. According to the MVA Traffic Offenses Report for Kent County, 113 motor vehicle cases were adjudicated by the Office in fiscal year 2008. The law requires the clerks of the court to report to the MVA the conviction, forfeiture of bail, dismissal of an appeal or an acquittal in any case involving a violation of the Maryland Vehicle Law or other traffic law as directed by Administrative Order of the Chief Judge of the Court of Appeals. That Order requires the clerks of the court to transmit the disposition of motor vehicle cases to the MVA within 10 days of conviction. The timely submission of this information by the Office is critical because the MVA is responsible for processing the disposition 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 disposition of motor vehicle cases to the MVA in accordance with the established time frame.

Audit Scope, Objectives, and Methodology

We have audited the Office of the Clerk of Circuit Court for Kent County, Maryland for the period beginning April 3, 2006 and ending January 20, 2009. 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. 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.

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 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 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



ROBERT M. BELL
CHIEF JUDGE
COURT OF APPEALS OF MARYLAND
ROBERT C. MURPHY COURTS OF APPEAL BUILDING
361 ROWE BOULEVARD
ANNAPOLIS, MARYLAND 21401-1699

June 12, 2009

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

Dear Mr. Myers:

We have received the Legislative Auditor's Draft Audit Report pertaining to the audit of the Office of the Clerk of the Circuit Court for Kent County, Maryland for the period beginning April 3, 2006 and ending January 20, 2009. The following is our response to the audit finding and recommendation in the report:

Finding
Motor Vehicle Cases

We concur with the finding and recommendation. Existing procedures have now been strengthened to ensure that the disposition of all motor vehicle cases are transmitted to the State Motor Vehicle Administration (MVA) in accordance with the time frame established by law.

We believe we have responded in full to this finding and recommendation.

Very truly yours,


Robert M. Bell


Mark L. Mumford
Clerk of the Circuit Court for
Kent County

cc: Hon. J. Frederick Price, Administrative Judge
Frank Broccolina, State Court Administrator
Faye Gaskin, Deputy State Court Administrator
Ssali Luwemba, Director of Internal Audit

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