

DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Warren G. Deschenaux  
Executive Director

November 4, 2015

Thomas J. Barnickel III, CPA  
Legislative Auditor

Senator Edward J. Kasemeyer, Chair  
Senate Budget and Taxation Committee  
Miller Senate Office Building, 3 West Wing  
11 Bladen Street  
Annapolis, Maryland 21401

Delegate Maggie McIntosh, Chair  
House Appropriations Committee  
House Office Building, Room 121  
6 Bladen Street  
Annapolis, Maryland 21401

Dear Senator Kasemeyer and Delegate McIntosh:

The Office of Legislative Audits (OLA) has conducted a review of the actions taken by the Comptroller of Maryland – Revenue Administration Division (RAD) to resolve two repeat findings in our August 23, 2013 audit report. This review was conducted in accordance with a requirement specified in the April 2015 *Joint Chairmen's Report* (JCR), page 30. The JCR required that, prior to the release of \$200,000 of its administrative appropriation for fiscal year 2016, RAD must take corrective action on all unresolved repeat audit findings. The JCR language further provided that OLA submit a report to the budget committees listing each unresolved repeat audit finding along with a determination that each finding was corrected. The OLA report is required to be submitted to allow 45 days for the budget committees to review and release the funds prior to the end of the fiscal year. This is the second consecutive year that a requirement regarding repeat audit findings has been included in the JCR for RAD. In response to the requirement in the April 2014 JCR, we notified the budget committees on March 10, 2015 that RAD had not resolved two of four repeat findings.

The August 23, 2013 audit report of RAD contained four repeat audit findings (findings 4, 6, 9, and 10) that were addressed by five recommendations. In our March 10, 2015 letter we concluded that findings 4 and 9 were resolved and consequently, the unresolved repeat findings 6 and 10 are the subject of our current review. In accordance with the April 2015 JCR requirement, RAD provided a report to OLA, dated October 14, 2015, detailing the corrective actions that it had taken with respect to the two unresolved repeat audit findings. We reviewed this report and related documentation, performed limited tests and analyses of the information, and held discussions with RAD personnel as necessary to assess the implementation status of the related recommendations. Our review did not constitute an audit conducted in accordance with generally accepted government auditing standards.

Senator Edward J. Kasemeyer  
Delegate Maggie McIntosh

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November 4, 2015

Exhibit 1 is RAD's October 14, 2015 status report, which indicated that corrective actions had been taken to resolve the two remaining repeat findings. Our review confirmed that RAD had taken the necessary corrective actions to satisfactorily address the recommendations for these findings.

A summary of OLA's assessment of the status of each of the unresolved repeat audit findings is included in the attached Exhibit 2. We wish to acknowledge the cooperation extended to us by RAD during this review.

We trust our response satisfactorily addresses the JCR requirement. Please contact me if you need additional information.

Sincerely,



Thomas J. Barnickel III, CPA  
Legislative Auditor

cc: Senator Guy J. Guzzone, Co-Chair, Joint Audit Committee  
Delegate Craig J. Zucker, Co-Chair, Joint Audit Committee  
Joint Audit Committee Members and Staff  
Senator Thomas V. Mike Miller, Jr., President of the Senate  
Delegate Michael E. Busch, Speaker of the House of Delegates  
Governor Lawrence J. Hogan, Jr.  
Comptroller Peter V.R. Franchot  
Treasurer Nancy K. Kopp  
Attorney General Brian E. Frosh  
David R. Brinkley, Secretary Department of Budget and Management  
Wayne P. Green, CPA, Director, Revenue Administration Division  
Joan Peacock, Manager, Audit Compliance Unit, DBM  
Warren G. Deschenaux, Executive Director, Department of Legislative Services  
Sierra S. Boney, Policy Analyst, Department of Legislative Services

## Exhibit 1 to November 4, 2015 Letter to Joint Chairmen



*Peter Franchot*  
Comptroller

*Wayne P. Green, CPA*  
Director  
Revenue Administration Division

October 14, 2015

Re: Audit of the Comptroller of Maryland – Revenue Administration Division;  
Report Date: August 23, 2013

Thomas J. Barnickel III, CPA  
Legislative Auditor  
301 West Preston Street  
Room 1202  
Baltimore, MD 21201

Dear Mr. Barnickel:

The Revenue Administration Division of the Comptroller of Maryland provides the following information with respect to corrective actions taken to address two unresolved repeat audit findings (findings 6 and 10) as noted in the August 23, 2013 audit report issued by the Office of Legislative Audits (OLA):

### Finding 6

**Accountability and verification procedures for refund checks need to be improved.**

### Recommendation 6

**We recommend that RAD:**

- a. verify the proper disposition of returned refund checks by agreeing the original log of returned checks to the record used to verify the disposition of those checks (repeat);**
- b. use the log prepared by the employee responsible for re-mailing returned checks to verify the proper disposition of those checks (repeat).**

### Agency Response:

Appropriate corrective action to address this finding was implemented based on information contained in the March 10, 2015 OLA report to the Budget Committees, and we have confirmed continuing compliance.

**Finding 10**

**Deposit verification procedures for certain collections were not sufficient.**

**Recommendation 10**

**We recommend that RAD:**

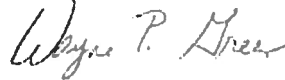
**a. ensure that employees who prepare the initial record of collections forward a copy of that record directly to the independent employee responsible for performing the deposit verifications (repeat).**

**Agency Response:**

Appropriate corrective action to implement this recommendation was performed based on information contained in the March 10, 2015 OLA report to the Budget Committees and we have confirmed continuing compliance.

The Revenue Administration Division of the Comptroller's Office believes that it has taken the necessary corrective action relating to all four repeat findings noted in the Legislative Audit report dated August 23, 2013. Accordingly, we request that the Office of Legislative Audits confirm that our actions have appropriately addressed the recommendations such that the applicable notice can be submitted to the budget committee chairs to provide for the release of the \$200,000 withheld appropriation in our fiscal year 2016 budget.

Sincerely,

A handwritten signature in dark ink, appearing to read "Wayne P. Green". The signature is fluid and cursive, with the first name "Wayne" being more prominent.

Wayne P. Green, Director

**Exhibit 2 to November 4, 2015 Letter to Joint Chairmen**

**Status of Remaining Two Repeat Findings in OLA's August 23, 2013 Audit Report on the Comptroller of Maryland – Revenue Administration Division**

<b>Prior Recommendations Pertaining to Unresolved Repeat Findings</b>		<b>Status Based on OLA Review</b>
<b>Individual Income Tax Return Processing</b>		
6. We recommend that RAD		
a. verify the proper disposition of returned refund checks by agreeing the original log of returned checks to the record used to verify the disposition of those checks.		Corrected
b. use the log prepared by the employee responsible for re-mailing returned checks to verify the proper disposition of those checks.		Corrected
<b>Cash Receipts</b>		
10. We recommend that RAD		
a. ensure that employees who prepare the initial record of collections forward a copy of that record directly to the independent employee responsible for performing the deposit verifications.		Corrected