

Performance Audit Report

Board of License Commissioners for Anne Arundel County

The County Restricted Authorized Expenditures Below Budgeted Amounts
Approved by the Comptroller of Maryland

The Lack of Formal Processes for Assigning Work Tasks Precluded a
Determination of the Reasonableness of Contractual Legal Work and Costs

February 2016



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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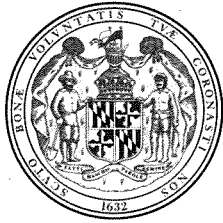
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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Warren G. Deschenaux
Executive Director

February 3, 2016

Thomas J. Barnickel III, CPA
Legislative Auditor

Senator Guy J. Guzzone, Co-Chair, Joint Audit Committee
Delegate Craig J. Zucker, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We conducted a performance audit to assess Anne Arundel County's control of the finances of the Board of License Commissioners for Anne Arundel County (BLC) and the reasonableness of the work and related expenses of BLC's attorneys. The audit was conducted at the request of the Maryland General Assembly. According to Anne Arundel County (County) records, BLC had expenditures totaling approximately \$700,000 in fiscal year 2015 of which \$140,000 related to legal services expenditures.

Our audit disclosed that, contrary to State law, the County restricted authorized expenditures below budgeted amounts approved by the Comptroller of Maryland (Comptroller). For example, BLC received approval from the Comptroller to increase its budget by \$70,000 for an unanticipated increase in legal services expenditures during fiscal year 2015. The County only approved an increase in expenditures of \$35,000 even though there were sufficient BLC revenues to pay those costs. Legal counsel to the Maryland General Assembly determined that, if the Comptroller approves BLC's budgeted expenditures as reasonable and necessary and there are funds available, the County must pay the expenditures to the extent they are consistent with County regulations.

We further noted that certain work performed by BLC's contractual attorney appeared to overlap the responsibilities of BLC staff counsel and administrative staff. For example, during fiscal year 2015 the contractual attorney billed and was paid \$28,000 for general legal services provided to the Board for attending Board meetings and for reviewing legislation. Although the extent to which the services provided by the contractual attorney duplicated the work of BLC staff or could have been provided by BLC staff is unknown, BLC Board members and BLC staff both acknowledged that duplication of services was likely.

We could not, however, assess the overall reasonableness of the hours and related costs for the contractual legal services primarily because of a lack of documentation. For example, tasks assigned to the contractual attorney were generally authorized by the Board on an informal basis with no documented agreement as to the hours needed for specific assignments.

Finally, the contractual attorney's representation of a business applying for a liquor license while under contract with BLC raises questions regarding a potential conflict of interest.

BLC's response to this audit is included as an appendix to this report. We wish to acknowledge the cooperation extended to us during the course of this audit by BLC.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "TJ Barnickel III", with a stylized flourish at the end.

Thomas J. Barnickel III, CPA
Legislative Auditor

Table of Contents

Background Information	4
Audit Scope, Objectives, and Methodology	6
Overview of Findings and Conclusions	8
Findings and Recommendations	10
Objective 1	
Finding 1 – Anne Arundel County Restricted Authorized Expenditures for Legal Services Below the Amounts Approved by the Comptroller of Maryland for Fiscal Years 2015 and 2016 Contrary to State Law	10
Objective 2	
Finding 2 – Certain Work Performed by BLC’s Contractual Attorney Appeared to Overlap the Responsibilities of BLC’s Staff Counsel and Administrative Staff, and the Overall Reasonableness of Hours and Related Costs of Legal Services Could Not be Assessed	12
Finding 3 – BLC’s Contractual Attorney Represented a Business Applying for a Liquor License Which Raises Questions Regarding a Potential Conflict of Interest	14
Exhibit – Legal Services Provided To Selected Liquor Licensing Boards In Maryland	16
Agency Response	Appendix

Background Information

The Board of License Commissioners for Anne Arundel County (BLC)¹ is a hybrid agency that is deemed to be part of the State government for some purposes and part of the Anne Arundel County (County) government for others. BLC operations are governed by Article 2B of the Annotated Code of Maryland and, consistent with that law, are under the authority of the Comptroller of Maryland (Comptroller). BLC is responsible for processing new applications for and renewals of licenses to sell beer, wine, and liquor; conducting periodic inspections of businesses licensed to sell alcoholic beverages; fining, suspending, or revoking the licenses of violators of alcoholic beverage laws; and processing related collections.

BLC prepares and submits its annual budget with its estimated licensing revenues and expenses to the Comptroller for approval. Once approved by the Comptroller, BLC's budget is submitted to the County for inclusion in its annual budget. According to the Annotated Code of Maryland, the County is required to pay BLC's expenses, as approved by the Comptroller, from BLC's licensing revenues. If the expenses incurred by BLC exhaust the amount originally budgeted, BLC may request the Comptroller's approval for an amendment to increase the budget to the extent revenues are available. BLC is required by State law to comply with the County's procurement regulations, and all of BLC's contracts are executed by the County, on behalf of BLC.

BLC's revenues have historically exceeded its expenditures (see table) and, in accordance with State law, unused annual revenues are retained by the County for its own general purposes.

State law provides that BLC is governed by a three-person board whose members are appointed by the Governor with the advice and consent of the Senate. The law further provides that BLC may employ 3 full-time staff and 20 part-time inspectors and shall appoint an attorney, who is paid a fixed annual salary of \$20,000. This attorney is BLC's staff counsel who attends the Board meetings and provides legal advice to the Board and its administrative staff.

BLC Revenues and Expenditures			
	Fiscal Year		
	2013	2014	2015
Total Revenue	\$ 1,019,594	\$ 1,071,995	\$ 1,040,062
Personnel	515,851	528,051	538,496
Contractual Services	95,717	100,776	146,129
Supplies and Materials	22,423	10,178	8,646
Business and Travel	7,133	6,188	2,938
Capital Expenditures	14,881	5,816	1,662
Total Expenditures	\$ 656,005	\$ 651,009	\$ 697,871
Net Income (Surplus)	\$ 363,589	\$ 420,986	\$ 342,191

Source: Anne Arundel County Records

¹ For purposes of this report, "BLC" refers to the agency, including all staff, while the term "Board" refers to the three-member Board of Commissioners.

The County, on behalf of BLC, entered into a one-year contract for the term July 1, 2010 through June 30, 2011 (with an option for four one-year extensions which were executed) with another attorney to supplement the services it received from its staff counsel. The contractual attorney was to provide a variety of services:

- ❖ Providing legal advice regarding applications, transfers, renewals, and terminations of liquor licenses
- ❖ Enforcing violations of State and local liquor licenses
- ❖ Handling all appeals
- ❖ Advising the Board on legislation, and amendments to rules and regulations
- ❖ Representing the Board in all legal actions
- ❖ Attending monthly Board meetings

The contract provided for the attorney to be paid \$200 per hour with a specified contract maximum for each year. The costs of the contractual attorney's services increased from \$55,646 in fiscal year 2013 to \$118,543 in fiscal year 2015 (see table). The increase in costs in fiscal year 2015 was primarily the result of certain appeals and protests, which we were advised by BLC management required extensive legal work. We were further advised that a new contract was not executed because of the restriction of authorized expenditures by the County (as discussed in Finding 1).

Contractual Attorney Expenditures			
Type of Services	Fiscal Year		
	2013	2014	2015
General and Legislation	\$ 23,710	\$ 19,520	\$ 28,355
New and Renewal License Opinions	21,236	14,710	16,008
Appeals, Protests, and Injunctions	10,700	14,990	74,180
Total	\$ 55,646	\$ 49,220	\$ 118,543

Source: Anne Arundel County Records

Audit Scope, Objectives, and Methodology

Audit Scope

We conducted a performance audit to assess Anne Arundel County's (County) control of the finances of the Board of License Commissioners for Anne Arundel County (BLC) and the reasonableness of the work performed by BLC's attorneys and the related expenses. The audit was conducted at the request of the Maryland General Assembly.

We conducted this audit under the authority of the State Government Article, Section 2-1221 of the Annotated Code of Maryland and performed it 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.

Objectives and Methodology

Our audit included the following objectives:

1. Determine whether the extent of the County's control over BLC finances was consistent with State law.
2. Determine the reasonableness of the work performed by BLC's attorneys and the related expenses.

To accomplish our objectives, we interviewed members of the Board of License Commissioners, BLC employees, and other County and State employees as necessary. In addition, we reviewed BLC's financial records and, using BLC's financial information from the County's automated accounting system, we summarized BLC's revenues and expenditures for fiscal years 2013 through 2015. We also performed certain procedures unique to each of the objectives.

For Objective 1, we obtained an understanding of BLC's budget and funding processes and reviewed both State and County budget records to evaluate BLC's funding process. We also obtained advice from legal counsels to the Maryland General Assembly and the County.

For Objective 2, we used BLC's invoices to compile a schedule of all BLC legal services expenditures for fiscal years 2013 through 2015 and analyzed the nature of the services being provided by BLC's contractual attorney. We reviewed BLC's procedures and controls for monitoring the work of and related payments to BLC's contractual attorney. Specifically, we reviewed the contract and related invoices, and inquired of the BLC and the Board as to their monitoring of the attorney's activities. In addition, we performed a test using BLC's financial records and the attorney's invoices to determine if BLC was effectively monitoring the work and related payments. We also reviewed a particular business liquor license application and listened to audio of a related Board meeting during this period. Finally, we interviewed liquor licensing board personnel from four other Maryland jurisdictions in an attempt to determine the reasonableness of the scope of BLC's legal work and related expenditures.

Fieldwork and Agency Response

We conducted our fieldwork during the period from July through September 2015. BLC's response to our findings and recommendations is included as an Appendix to this audit report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise BLC regarding the results of our review of its response.

Overview of Findings and Conclusions

Determine whether Anne Arundel County's control over the Board of License Commissioners for Anne Arundel County (BLC) finances was consistent with State law (Objective 1).

Anne Arundel County (County) restricted BLC's authorized expenditures for legal services below the amounts approved by the Comptroller of Maryland for fiscal years 2015 and 2016 which, according to legal counsel to the Maryland General Assembly, was contrary to State law. Furthermore, the County's reasons for reducing authorized expenditures for legal services by \$35,000 in fiscal year 2015 did not appear to provide sufficient justification for its actions. All legal fees for that year, however, were paid using the budget amount that was approved by the County and other unspent budgeted funds. For fiscal year 2016, the County reduced BLC's authorized expenditures by \$112,400, precluding BLC from obtaining contractual legal services.

BLC, the Comptroller of Maryland, and the County should clarify their roles and responsibilities pertaining to BLC's budget and expenditures.

Determine the reasonableness of the work performed by BLC's attorneys and the related expenses (Objective 2).

During fiscal year 2015, expenditures for contractual legal services (\$118,543) were considerably higher than in previous years primarily because of legal fees associated with appeals and protests (\$71,090). The nature of these services for appeals and protests appeared reasonable; nevertheless, certain other work performed by the contractual attorney appeared to overlap the responsibilities of BLC's staff counsel and administrative staff, the extent of which could not be readily determined. In addition, the overall reasonableness of the hours charged and related costs of these activities and other contractual legal services could not be determined because of a lack of documentation and an inability to obtain comparable information from other liquor licensing boards. For example, tasks assigned to the contractual attorney were generally authorized by the Board on an informal basis with no documented agreement as to the hours needed for specific assignments.

While not documented, Board members advised us that they reviewed the invoices and verified that the services were for work they had requested the contractual attorney to perform, and that the dates and amount of time charged were reasonable. However, both Board members and BLC staff acknowledged that duplication of services was likely.

During the course of our review, we determined that the contractual attorney, while under contract with BLC, also represented a business applying to BLC for a liquor license. According to legal counsel to the Maryland General Assembly and counsel for the State's Attorney Grievance Commission, this situation warrants a review for a potential conflict of interest.

BLC could better control its legal expenditures by limiting contractual attorney work assignments to those tasks that cannot be performed by BLC staff, formalizing procedures for assigning work to the contractual attorney, agreeing on the related chargeable hours, documenting all legal arrangements, and instituting documented invoice approval procedures. BLC should refer the attorney representation matter to the State's Attorney Grievance Commission.

Findings and Recommendations

Objective 1 – County Control of BLC Finances

Finding 1

Anne Arundel County (County) restricted expenditures for legal services below the amounts authorized by the Comptroller of Maryland for fiscal years 2015 and 2016 contrary to State law.

Analysis

The County restricted the Board of License Commissioners for Anne Arundel County's (BLC) authorized expenditures in fiscal years 2015 and 2016 below the amounts in the Comptroller of Maryland's (Comptroller) approved budgets. According to legal counsel to the Maryland General Assembly, the Annotated Code of Maryland requires the County to pay BLC's expenses from its licensing revenues, as approved by the Comptroller. Furthermore, legal counsel to the Maryland General Assembly advised that, while BLC is subject to the County's budget and procurement policies, the County does not have the authority to apply these policies in a way that restricts the services to be obtained by BLC.

During fiscal year 2015, the County restricted \$35,000 in BLC expenditures. The Comptroller approved BLC's original budget of \$676,900 and two subsequent budget amendments for legal expenditures (\$50,000 in December 2014 and \$20,000 in April 2015), increasing the overall budget by \$70,000 to \$746,900. Although BLC revenues were ultimately available to fund both budget amendments, the County did not concur with the amendments and only approved an additional \$35,000 in expenditures. We were advised by a BLC management employee that the legal fees in excess of the County's approved amount were paid using unspent BLC funds budgeted for other purposes.

The County contends that the legal services provided were not reasonable and necessary to carry out BLC's function and purpose. The County also contends that the legal services provided were not in accordance with County procurement policies because certain services provided by the contractual attorney (such as representing individual Board members in an ethics complaint) were beyond the scope of the contract and the legal fees incurred exceeded the maximum allowed by the contract.

Legal counsel to the Maryland General Assembly advised us that the County exceeded its authority when it restricted these expenditures because the expenditures were authorized by the Comptroller and sufficient funds were available. Also, legal counsel to the Maryland General Assembly did not believe

the County's reasons were sufficient for denying the additional budget amendment amount. Specifically, we were advised that the general descriptions of the legal services to be provided in the contract could be interpreted to include the services the County contends were outside the contract scope. In addition, the legal fees incurred beyond the contract maximum, in violation of County regulations, appeared to be unavoidable since BLC was unable to request a modification to the contract amount because of the County's failure to approve the related budget requests. As noted above, legal counsel to the Maryland General Assembly advised that the County does not have the authority to apply its policies in a way that restricts the services to be obtained by BLC.

For fiscal year 2016, the Comptroller approved BLC's budget of \$727,500, but the County only authorized budgeted expenditures of \$615,100 in its records, essentially reducing the approved budget by \$112,400. (The County Executive had reduced the authorized expenditures by \$52,400 and the County Council further reduced the authorized expenditures to a total of \$112,400.) The reduced authorization of \$112,400 included a \$90,000 reduction for legal fees which we were advised prevented BLC from obtaining the services of an additional attorney to assist with its legal matters.

The County's legal counsel advised us that the County has a right to authorize expenditures below the amount approved in the Comptroller's budget under certain circumstances (such as to ensure the budget is balanced). However, legal counsel to the Maryland General Assembly again advised us that the County did not have the authority to authorize expenditures below the budgeted amount approved by the Comptroller as long as there was sufficient revenues available from BLC operations.

As noted in the table on page 4 of this report, there has historically been sufficient funding to cover the budget approved by the Comptroller and surplus funds have been retained by the County at the end of each year. Restricting BLC's expenditures enables the County to increase the amount of unspent funds it can retain for its general operations.

Recommendation 1

We recommend that BLC

- a. seek the concurrence of the Comptroller, legal counsel, and County officials regarding the Comptroller's authority for its budget and the County's role in paying BLC expenditures consistent with County requirements and the approved budget; and**
- b. work with the County to authorize fiscal year 2016 expenditures consistent with the Comptroller's approved budget.**

Objective 2 – Reasonableness of BLC Legal Expenditures

Finding 2

Certain work performed by BLC’s contractual attorney appeared to overlap the responsibilities of BLC’s staff counsel and administrative staff. The overall reasonableness of the hours charged and related costs for its contractual attorney could not be assessed primarily because of a lack of documentation.

Analysis

Certain work performed by BLC’s contractual attorney appeared to overlap the responsibilities of BLC’s staff counsel and administrative staff. Due primarily to a lack of documentation, as well as a lack of comparable information from other liquor licensing boards, we could not assess the overall reasonableness of the hours charged by the contractual attorney and related costs. The Board members contend the services provided by its contractual attorney were authorized and the costs were reasonable. Such costs increased from \$55,646 in fiscal year 2013 to \$118,543 in fiscal year 2015.

- While the nature of certain services provided by the contractual attorney (such as representing the Board during appeals and protests) appeared reasonable, certain work performed by BLC’s contractual attorney appeared to overlap the responsibilities of BLC’s staff counsel and administrative staff. During fiscal years 2013 through 2015, the contractual attorney was annually paid between \$34,230 and \$44,946 for services such as attending Board meetings, reviewing legislation, and drafting opinions on new and renewal license applications for subsequent Board review and approval. For example, during fiscal year 2015, the contractual attorney was paid \$28,355 for general legal services provided to the Board, including attending Board meetings and reviewing proposed legislation that could affect BLC.

Although the extent to which the same services were actually provided or could have been provided by the BLC staff counsel and administrative staff is unknown, BLC Board members and BLC staff both acknowledged that duplication of services was likely. Specifically, all three Board members concurred that there was a duplication of work to some degree and two of the members acknowledged that certain of these services, such as drafting license opinions, was previously performed by BLC administrative staff.

- The reasonableness of the hours charged and related costs of services provided by the contractual attorney could not be reliably assessed primarily because of a lack of documentation. Tasks assigned to the contractual

attorney were generally authorized by the Board on an informal basis with no documented agreement as to the hours needed for specific tasks assigned.

While not documented, the Board members advised us that they reviewed the invoices and verified that the services were for work they had requested the contractual attorney to perform and that the dates and amount of time charged were reasonable. The Board members also advised that the increase in fiscal year 2015 legal service expenditures, which primarily related to appeals and protests, was warranted. In this regard, the contractual attorney was paid \$49,700 in fiscal year 2015 for work related to three appeals by license applicants, for which fees ranged from \$8,020 to 28,870 for each case. During that same year, this attorney was also paid \$21,390 for work related to various protests filed against the renewals of expiring liquor licenses (such as by property owners objecting to the renewal of a liquor license). For comparison purposes, the attorney was paid \$3,640 for protest work in fiscal year 2014 and was not paid for any protest work in fiscal year 2013.

We contacted four other liquor licensing boards in Maryland jurisdictions with a similar or higher number of liquor licenses to compare the nature and cost of the work performed by their legal counsels with that of BLC's attorneys. Because of the varying nature of the services provided and the sources used to obtain the legal services, we were unable to use the information gathered to reliably assess whether the scope of services and costs for BLC attorneys, in particular the contractual attorney, were reasonable as compared with other jurisdictions (see Exhibit). In addition, the level of legal services required is dependent on the number and complexity of appeals and protests, which could vary among the jurisdictions.

Recommendation 2

We recommend that BLC

- a. discontinue assigning work to the contractual attorney for tasks that are the responsibilities of, or could be performed by, BLC's staff counsel and administrative staff;**
- b. formalize procedures to assign specific tasks to the contractual attorney, agree on the related chargeable hours, and document all the legal arrangements; and**
- c. institute documented invoice approval procedures.**

Finding 3

BLC's contractual attorney represented a business applying to BLC for a liquor license; this relationship raises questions regarding a potential conflict of interest.

Analysis

BLC's contractual attorney's representation of BLC and an entity that applied for, and ultimately received, a liquor license from BLC raises questions regarding a potential conflict of interest. Specifically, in April 2015, the contractual attorney, acting on behalf of this entity, submitted an application for a new license to BLC's administrative staff. A letter accompanying the application stated that the attorney's law firm represented the entity applying for the new license. Prior to the June 2015 meeting at which the Board was scheduled to review the application, the attorney informed BLC's administrative staff that an attorney from another law firm would represent the applicant at the meeting. The contractual attorney continued to submit the applicant's documentation to BLC staff until the day before the Board meeting. The application was reviewed by the BLC staff counsel prior to the meeting.

Audio of the meeting disclosed that the BLC staff counsel was unable to attend the meeting. Another attorney was present to represent the applicant at the meeting, whereas BLC's contractual attorney, functioning as the Board's counsel, assisted the Board during the hearing by obtaining clarification from the applicant on certain questions for consideration by the Board during the approval process. The contractual attorney did not disclose, for the meeting record, the relationship with the applicant or otherwise obtain written consent of the dual role from the applicable parties. The applicant was ultimately approved for the license. The contractual attorney's invoice for services provided in June 2015 included approximately \$500 in charges for preparing for and attending the meeting.

Based on our discussion with the three Board members, two Board members were aware of the contractual attorney's relationship with the applicant prior to the Board meeting and one member was not. Upon consulting legal counsel to the Maryland General Assembly and counsel to the State's Attorney Grievance Commission, both agreed that this situation warranted review by the Attorney Grievance Commission.

State law provides that a lawyer may not represent a client if the representation involves a conflict of interest. An exemption may be allowed if "(1) the lawyer reasonably believes that the lawyer will be able to provide competent and diligent representation to each affected client; (2) the representation is not prohibited by law; (3) the representation does not involve the assertion of a claim by one client

against another client represented by the lawyer in the same litigation or other proceeding before a tribunal; and (4) each affected client gives informed consent, confirmed in writing.”

We were advised by representatives of both the State and County ethics commissions that situations involving potential conflicts of interest by contractors are not within their jurisdictions.

Recommendation 3

We recommend that BLC

- a. refer this matter to the State’s Attorney Grievance Commission, and**
- b. prohibit its attorneys from representing applicants and licensees in matters involving the BLC.**

Exhibit

Legal Services Provided To Selected Liquor Licensing Boards in Maryland

We contacted four other liquor licensing boards in Maryland jurisdictions with a similar or higher number of liquor licenses to compare the nature and cost of the work performed by their legal counsels with that of the Board of License Commissioners for Anne Arundel County (BLC) attorneys. As noted in the table below, the nature of the work performed by the attorneys in each of these jurisdictions varied and legal services were obtained in a variety of ways, including full or part-time attorneys, the jurisdiction's legal counsel, contractual attorneys, or a combination of one or more of these resources. Furthermore, comparable expenditure data for these four board's legal costs were unavailable; the cost data that were furnished were based on estimates of the time allocated to liquor licensing board activities.

Therefore, we were unable to use the information gathered to reliably assess whether the scope of services and costs for BLC's attorneys, in particular the contractual attorney, were reasonable as compared with those of other jurisdictions.

Scope of Legal Work at Selected Liquor Licensing Boards

Jurisdiction	Number of Liquor Licenses	Fiscal Year 2015 Legal Expenditures	Scope of Work
Baltimore City	1,480	Unknown	The Baltimore City Board of Liquor License Commissioners' Deputy Executive Secretary (annual salary of \$82,250) serves as general attorney for the Board. In addition, the Board employs another attorney (annual salary of \$78,000) who handles appeals and other litigation, and uses the Baltimore City Law Department for miscellaneous issues such as legislation and zoning.
Montgomery County	1,029	\$32,900 (35 percent of the \$94,000 annual salary)	The Montgomery County Board of License Commissioners uses an attorney from the Office of the County Attorney who attends Board meetings, handles litigation, provides legal advice, and reviews legislation.
Baltimore County	831	Unknown	The Board of Liquor License Commissioners for Baltimore County uses an attorney from the Baltimore County Office of Law who reviews files, attends Board meetings, provides legal advice, and reviews legislation.
Prince George's County	667	\$43,500	The Board of License Commissioners for Prince George's County has one part-time attorney (\$18,500) who reviews files and attends Board meetings, provides legal advice, and reviews legislation; another contractual attorney (\$25,000) handles appeals and litigation only.

Source: Liquor Licensing Board Personnel from the Applicable Jurisdiction



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COMMISSIONER

**BOARD OF LICENSE COMMISSIONERS
FOR ANNE ARUNDEL COUNTY**

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February 3, 2016

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Attn: Thomas J. Barnickel III, CPA
Legislative Auditor

Re: Audit Report

Dear Mr. Barnickel

The Board of License Commissioners for Anne Arundel County (hereinafter the "Board") hereby responds to the three Recommendations set forth in Audit Report.

Recommendation 1

a. The Board will continue to seek concurrence of all State and County officials regarding the Comptroller's authority to approve the Board's budget and the County's role in paying Board expenditures. The Board previously attempted to seek such concurrence, and will continue to do so on an on-going basis.

b. The Board will continue to work with the County for authorization of fiscal year 2016 expenditures as approved by the Comptroller.

Recommendation 2

a. The Board will not assign any work to a contractual attorney for tasks that can be properly performed by the Board's administrative staff or administrative counsel. This policy is in effect at this time.

b. & c. All tasks, and chargeable hours (to the extent reasonably predictable) by a contractual attorney shall be agreed upon in advance by written memorandum, and all invoices first shall be reviewed and approved by the Board's administrative counsel and thereafter the Commissioners of the Board. This policy is in effect at this time.

Recommendation 3

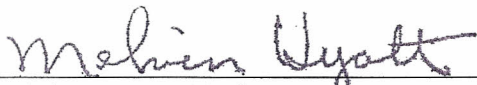
a. The Board will refer the matter discussed in the Audit to the State's Attorney Grievance Commission for its possible consideration.

b. The Board will prohibit its attorneys from representing applicants and licensees in matters involving the Board.

The Board appreciates the assistance provided by the Office of Legislative Audits and recommendations provided by the Legislative Auditor.

Respectfully submitted:


The Board of License Commissioners
for Anne Arundel County



Melvin Hyatt, Chairman



John G. Warner, Commissioner



James C. Thomas, Commissioner

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