

Audit Report

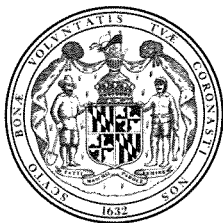
**Office of the Register of Wills
Talbot County, Maryland**

July 2014



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

-
- This report and any related follow-up correspondence are available to the public through the Office of Legislative Audits at 301 West Preston Street, Room 1202, Baltimore, Maryland 21201. The Office may be contacted by telephone at 410-946-5900, 301-970-5900, or 1-877-486-9964.
 - Electronic copies of our audit reports can be viewed or downloaded from our website at <http://www.ola.state.md.us>.
 - Alternate formats may be requested through the Maryland Relay Service at 1-800-735-2258.
 - The Department of Legislative Services – Office of the Executive Director, 90 State Circle, Annapolis, Maryland 21401 can also assist you in obtaining copies of our reports and related correspondence. The Department may be contacted by telephone at 410-946-5400 or 301-970-5400.
-



DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Karl S. Aro
Executive Director

July 21, 2014

Thomas J. Barnickel III, CPA
Legislative Auditor

Senator James C. Rosapepe, Co-Chair, Joint Audit Committee
Delegate Guy J. Guzzone, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have audited the Office of the Register of Wills for Talbot County, Maryland for the period beginning February 17, 2011 and ending March 23, 2014. The Office oversees the administration of decedents' estates within Talbot County and assists individuals who administer estates.

Our audit disclosed that user IDs and passwords to access the Office's automated financial system were not secured.

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

Respectfully submitted,

Thomas J. Barnickel III, CPA
Legislative Auditor

Background Information

Agency Responsibilities and Financial Information

The Office of the Register of Wills is a public office established under the Constitution of Maryland. An office is established in each of the 24 Maryland subdivisions. These offices oversee the administration of decedents' estates within their jurisdictions and provide assistance (such as providing the proper forms) to individuals administering estates. The offices collect inheritance taxes and other fees as provided by law.

Inheritance tax collections (less commissions earned by an office on those collections) are remitted to the State's General Fund. The fees collected and commissions earned by an office are first used to finance the operating expenses it is responsible for paying directly. Generally, the remaining balance of fees and commissions is periodically remitted to the Comptroller of Maryland to finance other operating expenses (such as payroll) that the Comptroller pays on behalf of the offices. On a collective basis, the offices' fees and commissions that exceed their operating expenses are credited to the General Fund.

According to the records of the Office of the Register of Wills for Talbot County, its fiscal year 2013 gross receipts totaled \$1,786,060, which consisted of inheritance tax collections (net of commissions) of \$1,259,487 and fees and commissions of \$526,573. The Office's fiscal year 2013 operating expenses totaled \$505,729.

Findings and Recommendations

Financial System Access

Finding 1

The Office lacked adequate controls over user access to its automated financial system.

Analysis

Controls over user access to the Office's automated financial system were not adequate. Specifically, the Office maintained a listing of all employees' assigned system user IDs and passwords in a central location that was accessible to all employees. As a result, any Office employee could obtain the user ID and password of another employee to process critical transactions. The Office's

automated system is used for all daily business functions, including processing receipts, recording disbursements, and recording estate transactions. Without adequate security over user access, there was a lack of accountability over critical transactions processed, and a lack of assurance that employees only performed functions and processed transactions for which they were authorized.

Recommendation 1

We recommend that the Office maintain adequate control over user access to its automated financial system by properly securing all employee user IDs and passwords.

Audit Scope, Objectives, and Methodology

We have audited the Office of the Register of Wills for Talbot County, Maryland for the period beginning February 17, 2011 and ending March 23, 2014. 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 significance and risk. The areas addressed by the audit included cash receipts, cash disbursements, bank accounts, and administration of estates. 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. The reliability of data used in this report for background or informational purposes was not assessed.

Our audit did not include a review of certain support services provided to the Office by the Comptroller of Maryland – Office of the Comptroller. These support services (such as payroll, maintenance of accounting records, and related fiscal functions) are included within the scope of our audits of the Office of the Comptroller.

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.

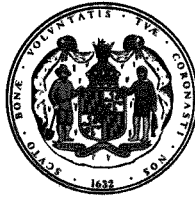
Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

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.

This report includes a condition that we consider to be a significant deficiency 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 audit did not disclose any significant instances of noncompliance with applicable laws, rules, or regulations.

The Office's response to our finding and recommendation 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 Office regarding the results of our review of its response.

APPENDIX



PATRICIA E. CAMPEN

REGISTER OF WILLS FOR TALBOT COUNTY

Talbot County Courthouse
11 N. Washington Street
P.O. Box 816
Easton, Maryland 21601

July 16, 2014

Fax: 410-822-5452
www.registers.maryland.gov

410-770-6700
1-888-822-0039 in MD only

*Via U.S. Postal Service and
Email to response@ola.state.md.us*

Mr. Thomas J. Barnickel, III, CPA
Department of Legislative Services
Office of Legislative Audits
Maryland General Assembly
301 West Preston Street
Room 1202
Baltimore, Maryland 21201

Re: Legislative Audit for the Period
February 17, 2011 through March 23, 2014

Dear Mr. Barnickel:

In response to your letter request of June 30, 2014, and the recommendation as contained within the draft audit report for the above-captioned period, please be advised that I am in agreement with the recommendation and did make appropriate arrangements to secure all employee user IDs and passwords at the time the legislative auditor raised the issue.

To my knowledge, this office has never experienced an incident involving the misappropriation of user IDs or passwords prior to my appointment as Register of Wills in 2013; however, we will implement additional controls to limit access of the same.

I trust the above will satisfy the requirements as outlined in the report. Kindly advise of any further documentation or information you may require. In the event you have any questions, please do not hesitate to contact me.

Very truly yours,

Patricia E. Campen
Register of Wills

AUDIT TEAM

William R. Smith, CPA

Audit Manager

Catherine M. Clarke, CPA, CIA, CFE

Senior Auditor