

Audit Report

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

October 2016

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**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

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Thomas J. Barnickel III, CPA  
Legislative Auditor

October 17, 2016

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

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Office of the Register of Wills for Allegany County, Maryland for the period beginning April 1, 2013 and ending June 30, 2016. The Office oversees the administration of decedents' estates within Allegany County and assists individuals who administer estates.

Our audit disclosed that collections were not always deposited in a timely manner to reduce the potential for loss.

The Office's response to this audit is included as an appendix to this report. 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 the 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 Allegany County, its fiscal year 2015 gross receipts totaled \$1,460,886, which consisted of inheritance tax collections (net of commissions) of \$1,006,383 and fees and commissions of \$454,503. The Office's fiscal year 2015 operating expenses totaled \$530,086.

## **Findings and Recommendations**

### **Cash Receipts**

#### **Finding 1**

**The Office did not always deposit its collections in a timely manner.**

#### **Analysis**

The Office did not always deposit collections, which totaled approximately \$1.5 million during fiscal year 2015, in a timely manner. Our test of collections totaling approximately \$428,000 disclosed collections received on four days, which ranged between \$11,389 and \$44,232, were deposited three to eight business days after receipt. For example, collections for one day totaling \$41,722 were not deposited until seven business days after receipt. The collections for

these four days totaled approximately \$112,000. Untimely deposits increase the possibility of loss.

The Comptroller of Maryland's *Accounting Procedures Manual* requires State agencies to deposit receipts no later than the first working day after the day of receipt. Agencies that collect nominal amounts of receipts and due to their location and/or lack of personnel cannot make daily deposits are required to make deposits at least weekly or whenever receipts accumulate to \$5,000.

#### **Recommendation 1**

**We recommend that the Office deposit all collections in a timely manner.**

### **Audit Scope, Objectives, and Methodology**

We have conducted a fiscal compliance audit of the Office of the Register of Wills for Allegany County, Maryland for the period beginning April 1, 2013 and ending June 30, 2016. 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 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.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of the

Office's operations, and tests of transactions. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk. Unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, the results of the tests cannot be used to project those results to the entire population from which the test items were selected. We also 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.

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 finding relating to 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, and regulations. A less significant finding was communicated to the Office that did not warrant inclusion in this report.

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.



**STATE OF MARYLAND**  
**REGISTER OF WILLS FOR ALLEGANY COUNTY, MARYLAND**

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October 7, 2016

Mr. Thomas J. Barnickel III, CPA  
Legislative Auditor  
Department of Legislative Services  
301 West Preston Street  
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Baltimore, Maryland 21201

Dear Mr. Barnickel:

During the recent audit period of beginning on April 1, 2013 and ending June 30, 2016, it was brought to my attention that receipts collected for inheritances taxes and courts costs were not deposited in a timely manner pursuant to the policies and procedures set forth in the Comptroller's accounting guidelines.

Previously, a deputy register was assigned an individual responsibility within the deposit procedure. This procedure was established upon conclusion of a prior audit report covering the period of July 2007 and ending March 2010, in order to ensure that employee duties were adequately separated.

Responsibilities for each employee/deputy register vary based on their individual capabilities and job classifications. The deposit procedure during the recent audit period consisted of at least four (4) employees to partake in the actual process and although every effort is made by the Register and her staff members, workdays are often consumed by a busier than normal customer service demand. On many occasions, staff can become unavailable until the actual close of business which does not allow sufficient time to prepare and deliver the deposit prior to the bank's closing hours of service. In addition, unexpected employee absences result in one employee performing two duties in the process of preparing and delivering the daily deposit.

Since discussing this matter with your auditing staff, the Register has established new procedures to make certain that the daily deposit is made in a timely manner and in compliance with the Comptroller's accounting policies and procedures.

Implementing the new procedure appears to fully comply with the recommendations of your office.

Sincerely,

  
Rebecca D. Drew  
Register of Wills for Allegany County



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