

Audit Report

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

September 2022



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

Joint Audit and Evaluation Committee

Senator Clarence K. Lam, M.D. (Senate Chair)	Delegate Mark S. Chang (House Chair)
Senator Malcolm L. Augustine	Delegate Steven J. Arentz
Senator Adelaide C. Eckardt	Delegate Nicholas P. Charles II
Senator George C. Edwards	Delegate Andrea Fletcher Harrison
Senator Katie Fry Hester	Delegate Trent M. Kittleman
Senator Cheryl C. Kagan	Delegate Carol L. Krimm
Senator Benjamin F. Kramer	Delegate David Moon
Senator Cory V. McCray	Delegate Julie Palakovich Carr
Senator Justin D. Ready	Delegate Elizabeth G. Proctor
Senator Craig J. Zucker	Delegate Geraldine Valentino-Smith

To Obtain Further Information

Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street, Suite 400
Baltimore, Maryland 21201
Phone: 410-946-5900
Maryland Relay: 711
TTY: 410-946-5401 · 301-970-5401
E-mail: OLAWebmaster@ola.state.md.us
Website: www.ola.state.md.us

To Report Fraud

The Office of Legislative Audits operates a Fraud Hotline to report fraud, waste, or abuse involving State of Maryland government resources. Reports of fraud, waste, or abuse may be communicated anonymously by a toll-free call to 1-877-FRAUD-11, by mail to the Fraud Hotline, c/o Office of Legislative Audits, or through the Office's website.

Nondiscrimination Statement

The Department of Legislative Services does not discriminate on the basis of age, ancestry, color, creed, marital status, national origin, race, religion, gender, gender identity, sexual orientation, or disability in the admission or access to its programs, services, or activities. The Department's Information Officer has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the United States Department of Justice Regulations. Requests for assistance should be directed to the Information Officer at 410-946-5400 or 410-970-5400.



DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Gregory A. Hook, CPA
Legislative Auditor

September 23, 2022

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee
Delegate Mark S. Chang, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Office of the Register of Wills for Baltimore County, Maryland for the period beginning August 10, 2017 and ending November 15, 2021. The Office oversees the administration of decedents' estates within Baltimore County and assists individuals who administer estates.

Our audit disclosed the Office did not always obtain support for expense reimbursements and corporate purchasing card transactions, certain of which we determined were improper. We tested 38 transactions made by three employees during the period from July 2017 to August 2021 totaling \$24,255. Our test disclosed that 16 transactions totaling \$7,737 made by two employees did not have supporting documentation and one employee submitted 10 expense reimbursements containing \$1,963 in improper reimbursements. All of the aforementioned transactions were approved, which casts doubt on the effectiveness of this usual control process.

The Office's response to this finding is included as an appendix to this report. We reviewed the response to our finding and related recommendations, and have concluded that the corrective actions identified are sufficient to address all audit issues.

We wish to acknowledge the cooperation extended to us during the audit by the

Office and its willingness to address the audit issues and implement appropriate corrective actions.

Respectfully submitted,

A handwritten signature in black ink that reads "Gregory A. Hook". The signature is written in a cursive style with a clear, legible font.

Gregory A. Hook, 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 Baltimore County, its fiscal year 2021 gross receipts totaled \$21,325,545, which consisted of inheritance tax collections (net of commissions) of \$14,701,018 and fees and commissions of \$6,624,527. The Office's fiscal year 2021 operating expenses totaled \$3,895,524.

Findings and Recommendations

Questionable Purchasing Activity

Finding 1

The Office did not always obtain support for expense reimbursements and corporate purchasing card transactions, certain of which we determined were improper.

Analysis

The Office did not always obtain support for expense reimbursements and corporate purchasing card (CPC) transactions, certain of which we determined were improper. We tested 38 transactions made by three employees during the period from July 2017 to August 2021 totaling \$24,255. As noted in Figure 1, our

test disclosed that 16 transactions totaling \$7,737 made by two employees did not have supporting documentation and one employee submitted 10 expense reimbursements containing \$1,963 in improper reimbursements. As all of the aforementioned transactions were approved in accordance with the Office’s approval process, this condition casts doubt on the effectiveness of that process.

Figure 1
Transactions Tested that Lacked Support or Were Improper

Type of Transaction	Tested		Lack of Support		Improper	
	Count	Amount	Count	Amount	Count	Amount
Corporate Purchasing Card	20	\$12,342	13	\$6,620	-	-
Expense Reimbursements*	16	8,283	3	1,117	10	\$1,963
Checking Account Disbursement	2	3,630	-	-	-	-
Total	38	\$24,255	16	\$7,737	10	\$1,963
Number of Employees	3		2		1	

Source: Baltimore County Register of Wills records

*Each expense reimbursement tested was comprised of various individual amounts primarily related to travel (such as hotel, meals, airfare, and car rental). Certain individual amounts were supported and proper. The dollar amounts reflect the individual amounts on the expense reimbursements that lacked support or were improper.

For example, two expense reimbursements totaling \$1,121 were for out-of-state events that the supporting documentation indicated was for non-State business related to a third party organization. We contacted the organization and they provided documentation that they had previously reimbursed the employee for these expenses. Although the individual approving the transactions was likely unaware that a third party reimbursement had been made to the employee, we believe the transaction should have been questioned based on the supporting documentation that indicated the charges were not related to State business.

Although the Governor’s Executive Order for reporting questionable activity does not apply to the Office, we believe that the matters noted above should have been referred to the Office of the Attorney General, the Office of the State Prosecutor and the Comptroller of Maryland – Office of the Comptroller (which has oversight over CPC activity and provides support services to the Office) for further investigation. After bringing these matters to the Office’s attention in July 2022, it referred the issue to the Office of the Attorney General and to the Office of the State Prosecutor, but not to the Comptroller of Maryland – Office of the Comptroller.

Recommendation 1

We recommend the Office

- a. ensure independent employees conduct comprehensive reviews of transactions prior to approval and ensure transactions are properly supported;**
- b. conduct a comprehensive review of current and past CPC transactions, expense reimbursements, and checking account disbursements, and refer any unsupported or improper transactions, including those noted above, to the appropriate entities; and**
- c. consult with legal counsel on recovering any misspent funds, including those noted above.**

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Office of the Register of Wills for Baltimore County, Maryland for the period beginning August 10, 2017 and ending November 15, 2021. 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, disbursements, bank accounts, and administration of estates.

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

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing

procedures were generally focused on the transactions occurring during our audit period of August 10, 2017 to November 15, 2021, but may include transactions before or after this period, as we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of the Office's operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us 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 audit 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. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to the Office, were considered by us during the course of this audit.

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. This finding is also regarded as a significant instance of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to the Office that did not warrant inclusion in this report.

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

APPENDIX



ALEXIS BURRELL-ROHDE

REGISTER OF WILLS, BALTIMORE COUNTY
COUNTY COURTS BUILDING
MAIL STOP 3507
401 BOSLEY AVENUE
TOWSON, MARYLAND 21204

registers.maryland.gov
FAX 410-583-2517

410-887-6680

September 21, 2022

Gregory A. Hook, CPA
Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street, Suite 400
Baltimore, Maryland 21201

Dear Mr. Hook:

On behalf of the Register of Wills for Baltimore County, I am providing the attached responses to the findings provided to the office for the period beginning August 10, 2017 and ending November 15, 2021. The office truly appreciates the care and diligence of your staff through the course of the audit. The service your office provides the State of Maryland is deeply important. The office appreciates the findings your process provided to the office.

Although the facts giving rise to each of the findings occurred prior to the time I personally was in office, and the procedures and integrity of the office has changed during my tenure, the office will take all necessary steps to address each finding thoroughly.

Thank you for your work on this audit.

Sincerely,

A handwritten signature in blue ink that reads "Alexis Burrell-Rohde".

Alexis Burrell-Rohde
Register of Wills for Baltimore County

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

Agency Response Form

Questionable Purchasing Activity

Finding 1
The Office did not always obtain support for expense reimbursements and corporate purchasing card transactions, certain of which we determined were improper.

We recommend the Office

- a. ensure independent employees conduct comprehensive reviews of transactions prior to approval and ensure transactions are properly supported;
- b. conduct a comprehensive review of current and past CPC transactions, expense reimbursements, and checking account disbursements, and refer any unsupported or improper transactions, including those noted above, to the appropriate entities; and
- c. consult with legal counsel on recovering any misspent funds, including those noted above.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 1a	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	<p>The prior-serving Register of Wills retired in April 2021. The prior Register’s term encompasses most of the audit period. As such, the vast majority of the audit period covers the prior Register’s term. From Day 1, the current Register has been clear that any misuse of State funds is unacceptable and will be fully addressed.</p> <p>Upon being appointed, the Register put in place an office policy that requires all employees, including the Register, to submit receipts for all expenses to be reimbursed. This is above and beyond the reimbursement policy for Registers of Wills in Maryland approved by the Office of the Comptroller that appears in COMAR, Title 23, Board of Public Works, Chapter 1, “Standard Travel Regulations of Maryland,” which does not require submission of receipts for Reimbursement for elected officials.</p> <p>In any event, expenses for meals, etc. incurred while conducting State business may not exceed State allowed per diem amounts and must always be documented. All expense reports are reviewed by an independent employee, including those of the Register, and require</p>		

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

Agency Response Form

receipts before reimbursement is permitted. The independent employee shall question all transactions to ensure each expense is incurred to further state business.

The new office policy also makes clear that there would be no adverse employment actions based on questioning or refusing to reimburse the Register or any employee's expenses. Misuse of State funds is unacceptable and is theft against the State of Maryland and will not be tolerated by the Register or the Baltimore County Office of the Register of Wills. The Register will be held to the same standard as any other State employee.

Upon discovering potentially improper CPC expenses incurred prior to her term in office, the Register disclosed the same to the Comptroller's Office as well as the Attorney General's Office. The CPC program is managed and overseen by the Comptroller's Office and while these transactions appeared to be in poor judgment, there did not appear to be a criminal intent and the employees involved reimbursed the Office the cost of the items, as was directed by the Comptroller's Office. Through the course of the State Prosecutor's investigation of improper expense reimbursement (see below), the Register disclosed those transactions to the State Prosecutor's office.

Upon discovering potentially improper expense reimbursement (all of which were incurred prior to her term in office), the Register disclosed the same to the Attorney General's Office and the State Prosecutor. The Register investigated reporting the issue to the Comptroller, but the Comptroller's website redirects reports of fraud to Office of Legislative Audits, such agency was already aware of the issues.

The Office of State Prosecutor was established by Constitutional amendment and legislation in 1976 (Chapter 612, Acts of 1976, ratified Nov. 1976). The State Prosecutor's Office began operation January, 1977.

The State Prosecutor may investigate on his/her own initiative, or at the request of the Governor, the Attorney General, the General Assembly, the State Ethics Commission, or a State's Attorney, certain criminal offenses. These include: 1) State election law violations; 2) State public ethics law violations; 3) State bribery law violations involving public officials or employees; 4) misconduct in office by public officials or employees; and 5) extortion, perjury, or obstruction of justice related to any of the above.

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

Agency Response Form

Recommendation 1b	Agree	Estimated Completion Date:	As soon as possible
Please provide details of corrective action or explain disagreement.	Completing comprehensive review of current and past CPC transactions, expense reimbursements, and checking account disbursements will require the Office to hire an outside accountant hired pursuant to the State procurement procedures. The Office is committed to completing a comprehensive review of current and past CPC transactions, expense reimbursements, and checking account disbursements. If additional issues are discovered during the review, at the conclusion of the review, these transactions will be reported to the Comptroller, the Office of the State Prosecutor and the Attorney General's Office.		
Recommendation 1c	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	The issue of collecting any misspent funds has already been discussed with the Register's counsel in the Maryland Office of the Attorney General. Such discussions are attorney/client privileged, but every measure allowed by Maryland law will be undertaken to recover misspent funds.		

AUDIT TEAM

Bekana Edossa, CPA, CFE
Audit Manager

Marina I. Bulatova
Senior Auditor

Benjamin H. Straube
Staff Auditor