Audit Report

Office of the Secretary of State

July 2026

Public Notice

In compliance with the requirements of the State Government Article Section 2-1224(i), of the Annotated Code of Maryland, the Office of Legislative Audits has redacted cybersecurity findings and related auditee responses from this public report.

OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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Victoria L. Gruber
Executive Director

Brian S. Tanen, CPA, CFE
Legislative Auditor

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

July 29, 2026

Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, 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 Secretary of State for the period beginning November 16, 2021 and ending November 30, 2025. Under the Maryland Constitution and State statutes, the Office performs a variety of duties including attesting to the Governor's signature on all public papers, registering and regulating charitable organizations, administering the Notary Public laws, administering the Address Confidentiality Program, and compiling and publishing the State's administrative regulations.

Our audit disclosed that the Office did not ensure that charitable organization information was accurately migrated from its legacy database system to its new automated system resulting in certain errors going undetected. The Office transitioned from the legacy database to Maryland OneStop in August 2022. According to the Office's records, as of January 2026, there were 23,683 active Maryland registered organizations. Our test of information transferred for 20 organizations disclosed that certain information for 3 organizations did not transfer properly and was not timely identified and corrected.

Our audit also disclosed the Office did not ensure the vendor administering the Maryland Charity Campaign properly disbursed funds to designated charities. For example, the Office did not maintain an independent record of employee contributions and the amount to be paid to the respective charities to enable a verification. In addition, the Office did not obtain audits of the vendor's financial statement records, as required. Furthermore, the Office did not verify the propriety of the administrative fees withheld by the vendor, which totaled approximately $304,000 for the 2024 campaign year.

Our audit also disclosed that the Office did not establish adequate controls over its collections to provide assurance all collections were subsequently deposited. For example, the Office did not verify that electronic payments processed by its third-party credit card vendor were properly credited to the State's accounts. Similar conditions have been commented upon in one or more of our four preceding audit reports dating back to November 2011 but were not sufficiently corrected.

Furthermore, our audit disclosed a cybersecurity-related finding. However, in accordance with the State Government Article, Section 2-1224(i) of the Annotated Code of Maryland, we have redacted the finding from this audit report. Specifically, State law requires the Office of Legislative Audits to redact cybersecurity findings in a manner consistent with auditing best practices before the report is made available to the public. The term "cybersecurity" is defined in the State Finance and Procurement Article, Section 3.5-301(c), and using our professional judgment we have determined that the redacted finding falls under the referenced definition. The specifics of the cybersecurity finding were previously communicated to those parties responsible for acting on our recommendations.

The Office's response to this audit is included as an appendix to this report. Consistent with State law, we have redacted the elements of the Office's response related to the cybersecurity audit finding. In accordance with State law, we reviewed the response and noted agreement to our findings and related recommendations and will notify the Office of any needed clarification to ensure the responses sufficiently address the related findings.

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

Respectfully submitted,

Brian S. Tanen

Brian S. Tanen, CPA, CFE
Legislative Auditor

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* **Denotes item repeated in full or part from preceding audit report**

Background Information

Agency Responsibilities

The Office of the Secretary of State attests to the Governor's signature on all public papers and documents, and is the repository for the Governor's Executive Orders. The Office's many other duties and responsibilities include the following:

- The Charities and Legal Services Division registers, regulates, and informs the public about charitable organizations (including foundations affiliated with State agencies) and professional solicitors; manages the Maryland Charity Campaign; administers the Notary Public laws and issues Notary Public commissions; prepares and processes extraditions and requisitions issued by the Governor; and registers public offering statements for condominiums and timeshares.

- The Administration and Finance Division registers trademarks and administers certifications and apostilles for documents for international use.

- The Division of State Documents compiles and publishes all of the State's administrative regulations in the Maryland Register and the Code of Maryland Regulations (COMAR).

- The Safety and Support Services Division administers the Maryland Safe at Home Address Confidentiality Program, which is designed to protect victims of domestic violence by providing them with an alternate mailing address to prevent offenders from locating them.

According to the State's records, the Office’s expenditures during fiscal year 2025 totaled approximately $5.6 million (see Figure 1).

Figure 1
Secretary of State Positions, Expenditures, and Funding Sources

Full-Time Equivalent Positions as of June 30, 2025	
	Positions
Filled	28
Vacant	1
Total	**29**

Fiscal Year 2025 Expenditures	
	Expenditures
Salaries, Wages & Fringe Benefits	$4,053,756
Technical and Special Fees	499,001
Operating Expenses	1,083,458
Total	**$5,636,215**

Fiscal Year 2025 Funding Sources	
	Funding
General Fund	$3,223,238
Special Fund	2,186,022
Reimbursable Fund	226,955
Total	**$5,636,215**

Source: State financial and personnel records

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the three findings contained in our preceding audit report dated June 1, 2022. See Figure 2 for the results of our review.

Figure 2 Status of Preceding Findings		
Preceding Finding	**Finding Description**	**Implementation Status**
Finding 1	The Office of the Secretary of State did not conduct independent reviews since August 2020 to ensure that critical data obtained from charitable organizations was accurately recorded, and that these organizations submitted the proper amount of fees.	Not repeated
Finding 2	The Office did not investigate charitable organizations that failed to comply with the annual registration requirements of State law. In addition, the Office did not monitor related fees incurred by delinquent organizations and refer accounts to the State's Central Collections Unit.	Not repeated
Finding 3	Adequate controls were not established over cash receipts.	**Repeated** (Current Finding 3)

Findings and Recommendations

Charitable Organizations

Background
State law requires charitable organizations in Maryland to register with the Secretary of State and renew the registration annually within six months of the end of the organization's fiscal year. State law also requires the organization to pay an annual registration fee of up to $300 depending on the total contributions received for the reporting year. Organizations that are late in meeting the requirements are assessed a fee of $25 per month, which accrues indefinitely until the organization achieves compliance.

According to the Office's records, as of January 20, 2026, there were 23,683 active Maryland registered organizations. During fiscal year 2025, the Office recorded revenue from registration fees, renewal fees, and fines totaling approximately $2.9 million.

Finding 1
The Office did not ensure that charitable organization information was accurately migrated from its legacy database to its new automated system resulting in certain errors going undetected.

Analysis
The Office did not ensure that charitable organization information was accurately migrated from its legacy database to its new automated system resulting in certain errors going undetected. In August 2022, the Office transitioned from its legacy database to Maryland OneStop. The new system automated the registration application process that previously relied on manual forms being submitted and entered into the legacy database by Office employees. Maintaining accurate information is important because it is used to monitor organization compliance with reporting requirements, determine the amounts of annual registration fees, and is used by the general public to make informed decisions about charitable contributions.

Our review disclosed that the Office could not document that it ensured the information was migrated properly. Specifically, we were advised by Office management that limited testing was performed when the new system was implemented but the Office could not document these efforts. Rather, the Office could only document corrections made to individual records as it became aware of errors.

Our test of information transferred for 20 organizations disclosed that certain information for 3 organizations did not transfer properly and was not timely identified and corrected.[1] For example, the Office ordered 1 organization to cease and desist[2] soliciting in 2013 due to certain noncompliance issues but the organization was recorded as current in Maryland OneStop when the data was transferred. Another organization was recorded as non-current when they were exempt and should have been recorded as such. The aforementioned organization with a cease and desist order was corrected on the system in January 2025 (more than two years after the data migration). As of April 2026, the status for the aforementioned exempt organization and the third organization tested had still not been corrected.

Recommendation 1
We recommend that the Office verify that information was accurately migrated into Maryland OneStop, and correct any errors including those noted above.

Maryland Charity Campaign

We determined that a portion of Finding 2 related to "cybersecurity," as defined by the State Finance and Procurement Article, Section 3.5-301(c) of the Annotated Code of Maryland, and therefore is subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Consequently, the specifics of a portion of the following finding, including the analysis, related recommendation(s), along with Office's responses, have been redacted from this report copy.

Finding 2
The Office did not ensure that the vendor administering the Maryland Charity Campaign (MCC) properly disbursed the funds to designated charities. In addition, the Office did not ensure the vendor obtained required audits and that administrative fees retained by the vendor were proper.

Analysis
The Office did not ensure that the vendor administering the MCC properly disbursed the funds to designated charities. In addition, the Office did not ensure the vendor obtained required audits and that administrative fees retained by the vendor were proper.

[1] Test items were selected as of April 14, 2026 based on registration status and type.
[2] As of April 2026, there were 11 organizations under a cease-and-desist order.

vendor were proper. The MCC is a workplace giving program, overseen by the Office, that allows State employees and eligible retirees to donate to approved charities. According to the vendor's records, donations totaled approximately $1.7 million between April 2024 and March 2025.

- The Office did not verify that the MCC vendor disbursed the proper amount to charities. Specifically, the Office did not maintain an independent record of employee contributions and the amount to be paid to the respective charities to enable a verification to occur. In addition, the Office did not attempt to confirm with the charities that amounts reported as disbursed by the MCC vendor were received. We were able to confirm certain amounts reported by the MCC vendor were received by the charities but due to the lack of readily available records, we could not verify that all amounts contributed were properly disbursed.

- The Office did not ensure the MCC vendor obtained required financial statement audits. The contract provided that the MCC vendor was to obtain audited financial statements certified by an independent accountant annually. Without this certification, the Office lacked assurance that the MCC's records were accurate, including the accuracy of the administrative fee it retained. Subsequent to our request, the Office obtained copies of these audits.

- Redacted cybersecurity-related finding.

- The Office did not verify the propriety of the administrative fee withheld by the vendor, which totaled approximately $242,000, $229,000, and $304,000 during the 2022, 2023, and 2024 campaign years, respectively. The contract with the MCC vendor provided that they could retain up to 20 percent of the prior year pledges to cover actual expenditures in accordance with a budget submitted to the Office. Our review disclosed that the Office did not obtain documentation to support the expenses reported by the vendor to ensure the fees retained were proper.[3] In this regard, our review disclosed that $59,760 of the expenses reported for the 2024 campaign were estimated rather than actual expenses which was not consistent with the contract.

[3] While we noted that certain information was included in the audited financial statements, as noted above these statements were not obtained to verify the fee and our review disclosed that the information in the audited statements were not sufficiently detailed to verify the fees.

Recommendation 2
We recommend that the Office

a. **ensure that amounts contributed by employees are properly disbursed to the charities,**
b. **obtain and review required audits and take appropriate corrective action for any issues identified, and**
c. **verify the propriety of the administrative fee withheld by the vendor and recover any amounts that are not supported.**

Collections

Finding 3
The Office did not establish adequate controls over collections.

Analysis
The Office did not establish adequate controls over collections. According to State records, the Office deposited approximately $15.5 million during the period from November 16, 2021 to November 30, 2025, which included electronic collections (such as credit card payments) totaling $9.9 million and check and money orders totaling $5.6 million. These collections primarily related to charitable registration and enforcement fees, document certification fees, and notary commissions.

- The Office did not verify that electronic payments processed by its third-party credit card vendor were properly credited to one of the multiple bank accounts used for the various types of collections received by its units. Our review disclosed that the Office did not reconcile reported electronic collections to the State's bank accounts to ensure the funds were received. Our test of credit card transactions for 21 arbitrarily selected days totaling approximately $510,000, disclosed that the Office could not provide certain bank statements to support that $374,000 in collections were credited to one of the State's bank accounts.

- Collections received by mail (including checks and money orders) were not always restrictively endorsed and recorded upon receipt and were not properly safeguarded. Specifically, Office management advised us that checks received by mail are recorded and endorsed throughout the day as time permits. In addition, these checks were not properly safeguarded as we observed several instances when unendorsed and unrecorded checks were left in an unsecured bin accessible to Office personnel. Furthermore, the Office could not readily provide a listing of checks received by mail since they were recorded in the same manner as walk-in checks.

- The employee who verified that recorded collections were deposited also prepared the deposit and could modify the initial record of collections. In addition, this employee could void transactions without subsequent independent approval. Based on the Office's records, 1,011 voids were processed during the audit period. The Office could not readily identify the voids processed by this employee but during the prior audit this employee processed 88 percent of the voided transactions. Our test of 11 of the voids[4] totaling approximately $51,000, including 10 by this employee, disclosed 4 voids totaling $775 that were not supported. For example, the Office did not retain documentation for one void that reduced a deposit by $250 and Office personnel could not justify the void from the available information.

- The Office did not ensure that collections were deposited within 1 working day of receipt, as required. Our test of collections from 21 arbitrarily selected days totaling $174,000 disclosed that collections received on 5 days totaling $39,000 were deposited between 8 and 15 days after receipt.

Under these conditions, errors or other discrepancies could occur without timely detection. The Comptroller of Maryland's *Accounting Policies and Procedures Manual* requires checks to be immediately endorsed and recorded upon receipt and adequately safeguarded. The *Manual* also requires that deposit verifications and void processing be performed by an employee independent of the cash receipts function and that the voids be independently reviewed and approved. Finally, the *Manual* generally requires that collections be deposited by the next business day.

Similar conditions regarding the lack of independent deposit verifications and review of voids were commented upon in our four preceding audit reports dating back to 2011, and the lack of a verification that credit card receipts were properly credited to the State's bank account was commented upon in our three preceding audit reports dating back to 2015. In response to our prior report, the Office indicated it would implement proper procedures and controls by June 2022. The Office's management advised us that they did not implement proper procedures and the conditions were not sufficiently corrected, primarily due to staffing challenges and changes in systems during the audit period.

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[4] Voided transactions were selected for testing based on either materiality or whether they were processed by the employee with excessive control.

Recommendation 3
We recommend that the Office

a. **ensure that an employee independent of the collection process verifies that all collections, including credit card transactions, are subsequently deposited/credited to the State's bank account (repeat);**
b. **record and restrictively endorse checks immediately upon receipt and ensure checks are safeguarded prior to deposit;**
c. **independently verify that voided transactions are proper and supported (repeat) including those noted above; and**
d. **ensure cash receipts are deposited timely.**

We advised the Office on accomplishing the necessary separation of duties using existing personnel.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Office of the Secretary of State for the period beginning November 16, 2021 and ending November 30, 2025. 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 charitable organizations, cash receipts, information systems security, and the Maryland Safe at Home Address Confidentiality Program. We also determined the status of the findings contained in our preceding audit report.

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

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 November 16, 2021 to November 30, 2025, 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, test 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 various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data) and the State's Central Payroll Bureau (payroll data), as well as from the contractor administering the State's Corporate Purchasing Card Program (credit card activity). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these sources were sufficiently reliable for the purposes the data were used during this audit.

We also extracted data from the Office's automated systems used to record information relating to charitable organizations and notarial commissions for the purpose of testing the Office's procedures for ensuring compliance with certain requirements in the law applicable to charitable organizations and notarial commissions. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we 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 findings relating to conditions that we consider to be significant deficiencies 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 report also includes a finding regarding a significant instance of noncompliance with applicable laws, rules, and regulations. Other less significant findings were communicated to the Office that did not warrant inclusion in this report.

State Government Article Section 2-1224(i) requires that we redact in a manner consistent with auditing best practices any cybersecurity findings before a report is made available to the public. This results in the issuance of two different versions of an audit report that contains cybersecurity findings – a redacted version for the public and an unredacted version for government officials responsible for acting on our audit recommendations.

The State Finance and Procurement Article, Section 3.5-301(c), states that cybersecurity is defined as "processes or capabilities wherein systems, communications, and information are protected and defended against damage, unauthorized use or modification, and exploitation". Based on that definition, and in our professional judgment, we concluded that a certain finding in this report falls under that definition. Consequently, for the publicly available audit report all specifics as to the nature of this cybersecurity finding and required corrective actions have been redacted. We have determined that such aforementioned practices, and government auditing standards, support the redaction of this information from the public audit report. The specifics of the cybersecurity finding have been communicated to the Office and those parties responsible for acting on our recommendations in an unredacted audit report.

The Office's response to our findings and recommendations is included as an appendix to this report. Depending on the version of the audit report, responses to any cybersecurity findings may be redacted in accordance with State law. 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

STATE OF MARYLAND
EXECUTIVE DEPARTMENT
WES MOORE
GOVERNOR

ARUNA MILLER
LT. GOVERNOR

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SUSAN C. LEE
SECRETARY OF STATE

July 29, 2026

SENT VIA EMAIL TO: response@ola.maryland.gov

Mr. Brian S. Tanen, CPA, CFE
Legislative Auditor
Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street, Suite 400
Baltimore, MD 21201

Re: Office of the Secretary of State's Response to Draft Audit Report (November 16, 2021 - November 30, 2025)

Dear Mr. Tanen:

On behalf of the Office of the Secretary of State (OSOS), please accept this letter in response to the Office of Legislative Audits' (OLA) draft OSOS fiscal compliance report for the period beginning November 16, 2021 and ending November 30, 2025.

The Office is committed to carrying out its responsibilities to register, regulate, and monitor charitable organizations in Maryland, administer employee and retiree donations through the Maryland Charity Campaign, and ensure all services are efficiently and transparently managed. To that end, addressing audit findings and improving the Office's internal processes remains a top priority for OSOS in service to Marylanders.

The enclosed response documents address all audit findings, recommendations, and proposed corrective actions. OSOS has taken decisive action to begin enhancements to its internal controls, with all recommendations expected to be resolved by the end of the year. This cumulative timeline includes corrective actions that have been or will soon be implemented, while also allowing for sufficient internal testing to validate their efficacy. The responses also explain the conditions that led to these findings, some of which predate the current administration, and outline reviews taken to verify that collections identified in the audit were fully accounted for following the audit period.

OSOS appreciates the opportunity to review and respond to the draft Fiscal Compliance Report, as well as the productive collaboration with OLA. Unless otherwise noted in the enclosed materials, OSOS will continue to provide status updates and supporting documentation in accordance with the applicable audit resolution process.

Should you require additional information or documentation, please contact Ian Fitzpatrick, Director of Administration and Finance at 443-926-6509 or email ian.fitzpatrick1@maryland.gov.

Sincerely,

Susan C. Lee

Susan C. Lee
Secretary of State

Office of the Secretary of State

Agency Response Form

Charitable Organizations

Finding 1
The Office did not ensure that charitable organization information was accurately migrated from its legacy database to its new automated system resulting in certain errors going undetected.

We recommend that the Office verify that information was accurately migrated into Maryland OneStop, and correct any errors including those noted above.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	The Office of the Secretary of State (OSOS) is committed to ensuring that its public registry remains a reliable tool for Marylanders to cross reference charitable organizations registered in the state through Maryland OneStop. OSOS' transition from its legacy database to OneStop in 2022 was overseen by the previous administration, which auditors discovered did not fully transfer past compliance information to the new system or document testing efforts to verify the accuracy of information at the time of the transition. Since this issue was identified, OSOS has corrected every inconsistency named in this audit finding, and will use a systemic approach to review the over 29,000 entities transferred during the initial migration, with a goal to ensure any additional errors are identified and corrected by the end of 2026.		
Recommendation 1	Agree	**Estimated Completion Date:**	December 31, 2026
Please provide details of corrective action or explain disagreement.	As of July 2026, OSOS has reviewed all test cases identified in the audit finding, including the organization with a cease and desist order, to ensure they have been updated to correctly reflect their standing with OSOS in the public registry. Additionally, all 11 organizations under a cease and desist order as of April 14, 2026 have been manually reviewed to ensure each one is correctly labeled in the registry. In lieu of testing documentation available during the prior administration, OSOS will perform a comprehensive and systemic review of charitable organizations listed in the public registry to correct any other possible inconsistencies, with plans to complete this review by the end of 2026.		

Office of the Secretary of State

Agency Response Form

Maryland Charity Campaign

The Office of Legislative Audits (OLA) has determined that a portion of Finding 2 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(c) of the Annotated Code of Maryland, and therefore is subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Consequently, the specifics of a portion of the following finding, including the analysis, related recommendations, along with the Office’s responses, have been redacted from this report copy.

Finding 2
The Office did not ensure that the vendor administering the Maryland Charity Campaign (MCC) properly disbursed the funds to designated charities. In addition, the Office did not ensure the vendor obtained required audits and that administrative fees retained by the vendor were proper.

We recommend that the Office
a. ensure that amounts contributed by employees are properly disbursed to the charities,
b. obtain and review required audits and take appropriate corrective action for any issues identified, and
c. verify the propriety of the administrative fee withheld by the vendor and recover any amounts that are not supported.

Agency Response	
Analysis	
Please provide additional comments as deemed necessary.	While OSOS manages the state’s contract with the vendor responsible for administering the Maryland Charity Campaign (MCC) as the state entity responsible for overseeing the Campaign, monitoring the collection of employee contributions and disbursement to participating charities is managed by the Office of the Comptroller and the MCC vendor directly. In this regard, the Comptroller 1) collects and aggregates pledges from state employees and retirees that participate in the program through voluntary payroll deductions, 2) retains a record of the total amount due to each charity, and 3) transfers these funds to the vendor for distribution to each charity in accordance with the Comptroller’s records. To protect the privacy of employees and retirees, individual contributions are kept confidential, and OSOS does not access that information. To ensure the

	propriety of the vendor's disbursements to charities and retention of a portion of these funds in accordance with its contract, OSOS receives a copy of the Comptroller's records from the vendor. In addition, OSOS has received copies of regular independent financial audits from the vendor as required in the contract to ensure the vendors records and retained fees are proper. Nonetheless, OSOS recognizes that its verification controls around the Campaign's vendor disbursements can always be improved, and will ensure action is promptly taken to allow for stronger verification of contributions. The Maryland Charity Campaign (MCC) is a reliable and easy way for Maryland State Employees and retirees to pledge money to the vetted charities of their choice, and for charities to gather and monitor donations from state employees and retirees. Notably, neither the Office of the Comptroller nor participating charities have expressed any discrepancy that would indicate any improper payments were made by the vendor, underscoring the efficacy of controls currently in place for the MCC.		
Recommendation 2a	Agree	**Estimated Completion Date:**	June 2027
Please provide details of corrective action or explain disagreement.	To protect the privacy of employees and retirees that participate in the Maryland Charity Campaign, information about individual contributions is retained solely by the Office of the Comptroller, who provides aggregate information to the MCC vendor to ensure amounts are distributed to the charities. Moving forward, OSOS will obtain copies of these records directly from the Comptroller to ensure it can independently cross-reference and verify documentation provided by the Comptroller to the vendor. OSOS has no indication that the employee's pledges are not reaching the intended charities. While agency operating procedures can be changed promptly, because the MCC operates in an 18-month cycle from beginning to end, OSOS will be able to verify and audit by June 2027.		
Recommendation 2b	Agree	**Estimated Completion Date:**	Completed, June 2026
Please provide details of corrective action or explain disagreement.	As required by the contract, the vendor has retained regular independent financial audits and proactively shared them with OSOS. The audited financial statements were subsequently provided by email to OLA on June 17th, as OLA acknowledges in the finding.		
Recommendation 2c	Agree	**Estimated Completion Date:**	June 2027
Please provide details of corrective action or explain disagreement.	OSOS does verify the propriety of the administrative fee withheld by the vendor, which has averaged 12%-15% of the pledged amounts, and has never exceeded the 20% cap provided under the contract. Supporting documentation from the Comptroller and independent audits have consistently affirmed the propriety of the vendor's retained fees. Nonetheless, OSOS will use records independently obtained to verify the propriety of any administrative fees charged by the vendor with the Comptroller to ensure that fee amounts remain		

	proper going forward. OSOS has no indication that the administrative fees have been unsupported or excessive. While agency operating procedures can be changed promptly, because the MCC operates in an 18-month cycle from beginning to end, OSOS will be able to verify and audit by June 2027.

Office of the Secretary of State

Agency Response Form

Collections

Finding 3
The Office did not establish adequate controls over collections.

We recommend that the Office

a. ensure that an employee independent of the collection process verifies that all collections, including credit card transactions, are subsequently deposited/credited to the State's bank account (repeat);
b. record and restrictively endorse checks immediately upon receipt and ensure checks are safeguarded prior to deposit;
c. independently verify that voided transactions are proper and supported (repeat) including those noted above; and
d. ensure cash receipts are deposited timely.

We advised the Office on accomplishing the necessary separation of duties using existing personnel.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	OSOS possesses the capacity to monitor and verify the status of all deposited collections through the review and monitoring of bank statements (check deposits) and online accounts (credit card deposits). All funds are comprehensively accounted for, and multiple verification protocols have been established to guarantee that all monies transmitted to the office are accurately recorded and align precisely with actual deposits. During the audit period, the Administration and Finance Division did not have the staff or systems in place to establish adequate controls over collections. Going forward, the Division will have in place two staff members (the Director and a recently hired assistant) who will be able to independently monitor and verify collections of the staff who handle collections.		
Recommendation 3a	Agree	**Estimated Completion Date:**	August 31, 2026
Please provide details of corrective action or explain disagreement.	After the audit period concluded, OSOS obtained bank statements to verify that all of the $374,000 in collections identified in this finding were properly credited to the State's bank accounts and is fully accounted for at this time. The Director of Administration and Finance Division of the OSOS will independently verify deposits and ensure transactions match with a full justification for reviewability.		

Office of the Secretary of State

Agency Response Form

Recommendation 3b	Agree	**Estimated Completion Date:**	August 31, 2026
Please provide details of corrective action or explain disagreement.	The Director of Administration and Finance Division of the OSOS will implement new standard operating procedures regarding check handling and processing to ensure that checks are recorded and restrictively endorsed immediately upon receipt and ensure checks are properly safeguarded prior to deposit. The Division will be ordering an endorsement stamp that has a restrictive endorsement that would not allow further presentment of checks and order paper to any party other than the Comptroller. Unprocessed checks are being safeguarded by locking them in a safe onsite until they can be processed the next day.		
Recommendation 3c	Agree	**Estimated Completion Date:**	August 31, 2026
Please provide details of corrective action or explain disagreement.	The Director of Administration and Finance Division of the OSOS will ensure that standard operating procedures for processing chargebacks and voided transactions are proper and supported by documentation.		
Recommendation 3d	Agree	**Estimated Completion Date:**	August 31, 2026
Please provide details of corrective action or explain disagreement.	The Director of Administration and Finance Division of the OSOS will ensure that cash receipts are deposited timely. OSOS notes that checks, money orders, and debit and credit cards are the only permissible tender for OSOS services. No cash transactions are allowed.		

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