



**REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT**

**ALLEGHENY COUNTY**

**EXAMINATION REPORT**

**FOR THE PERIOD**

**JANUARY 7, 2008 TO DECEMBER 31, 2011**

**COMMONWEALTH OF PENNSYLVANIA**

**EUGENE A. DEPASQUALE - AUDITOR GENERAL**

**DEPARTMENT OF THE AUDITOR GENERAL**





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EUGENE A. DePASQUALE  
AUDITOR GENERAL

### Independent Auditor's Report

The Honorable Daniel P. Meuser  
Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statements of receipts and disbursements (Statements) of the Register of Wills/Clerk of Orphans' Court, Allegheny County, Pennsylvania (County Officer), for the period January 7, 2008 to December 31, 2011, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d). These Statements are the responsibility of the county office's management. Our responsibility is to express an opinion on these Statements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. An examination includes examining, on a test basis, evidence supporting the Statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We are mandated by Sections 401(b) and 401(d) of *The Fiscal Code* to audit the accounts of each county officer to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported and promptly remitted. *Government Auditing Standards* issued by the Comptroller General of the United States include attestation engagements as a separate type of audit. An attestation engagement performed pursuant to *Government Auditing Standards* involves additional standards that exceed the standards provided by the American Institute of Certified Public Accountants. Accordingly, this attestation engagement complies with both *Government Auditing Standards* and Sections 401(b) and 401(d) of *The Fiscal Code*.

## Independent Auditor's Report (Continued)

In our opinion, the Statements referred to above present, in all material respects, the operations of the County Officer as it pertains to receipts made on behalf of the Commonwealth for the period January 7, 2008 to December 31, 2011, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Statements and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Statements are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over reporting on the Statements or on compliance and other matters; accordingly, we express no such opinions.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County Officer's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the County Officer's Statements that is more than inconsequential will not be prevented or detected by the County Officer's internal control. We consider the deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statements:

- Inadequate Internal Controls Over Receipting And Depositing Of Collections.
- Missing Records - Marriage License Applications.
- Inadequate Voided Receipt Procedures.
- Inadequate Segregation Of Duties.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statements will not be prevented or detected by the County Officer's internal control. Our consideration of the internal control over reporting on the Statements would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider all the significant deficiencies described above to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Independent Auditor's Report (Continued)

This report is intended solely for the information and use of the Pennsylvania Department of Revenue, the Administrative Office of Pennsylvania Courts, and the County Officer and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

April 10, 2014

**EUGENE A. DEPASQUALE**  
Auditor General

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REGISTER OF WILLS  
ALLEGHENY COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
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Receipts:

Inheritance Taxes (Note 2)	\$ 381,484,244
Disbursements and credits to Commonwealth (Note 4)	<u>(381,484,244)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 7, 2008 to December 31, 2011	<u><u>\$ -</u></u>

Notes to the Statements of Receipts and Disbursements are an integral part of this report.

CLERK OF ORPHANS' COURT  
 ALLEGHENY COUNTY  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
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Receipts:

Marriage License Taxes	\$	12,206
Marriage License Application Surcharges		244,120
Marriage License Declaration Fees		244,120
Judicial Computer System/Access To Justice Fees		<u>387,744</u>
Total Receipts (Note 2)		888,190
Disbursements to Commonwealth (Note 4)		<u>(887,026)</u>
Balance due Commonwealth (County) per settled reports (Note 5)		1,164
Examination adjustments (Note 6)		<u>(1,164)</u>
Adjusted balance due Commonwealth (County) for the period January 7, 2008 to December 31, 2011	\$	<u><u>-</u></u>

Notes to the Statements of Receipts and Disbursements are an integral part of this report.

REGISTER OF WILLS/  
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NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
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1. Criteria

The Statements of Receipts and Disbursements provide a summary of receipts and disbursements by category. The categories and the amounts of taxes, fees, and surcharges assessed are based on Pennsylvania laws and regulations.

The Statements were prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Revenue. Under this method, only the Commonwealth portion of cash receipts and disbursements are presented, revenues are recognized when received, and expenditures are recognized when paid.

2. Receipts

Register Of Wills

Receipts consist of monies collected on behalf of the Commonwealth. These include monies collected for the following taxes and fees:

- Inheritance Taxes represent inheritance taxes filed with the Register of Wills.
- Judicial Computer System/Access To Justice Fees represent a \$10 fee imposed for the initiation of any civil action or legal proceeding, including the filing of petitions for grants of letters, and first filing in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts. These fees were increased to \$23.50 for the period December 8, 2009 to December 31, 2014.

For the purpose of reporting the collection of Judicial Computer System/Access To Justice Fees to the Department of Revenue, the office combined the Register of Wills and Clerk of Orphans' Court collections and reported them on the Clerk of Orphans' Court's monthly report. Therefore, the amount reported on the Clerk of Orphans' Court's statement of receipts and disbursements includes the fees collected for the office of the Register of Wills.



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2. Receipts (Continued)

Clerk Of Orphans' Court

Receipts consist of monies collected on behalf of the Commonwealth. These include monies collected for the following taxes, surcharges, and fees:

- The Marriage License Tax is a \$.50 tax on all marriage licenses filed with the Clerk of Orphans' Court.
- The Marriage License Application Surcharge is a \$10 surcharge imposed on all marriage license applications.
- The Marriage License Declaration Fees is a \$13 fee imposed for the issuance of a marriage license or declaration and for returns thereof to the Department of Health, \$2.50 of which shall be for the use of the county where the license is issued, and \$.50 for the use of the Commonwealth (Marriage License Tax), plus \$10 (Marriage License/Declaration Fees). The statement of receipts and disbursements only reflects the portion collected on behalf of the Commonwealth.
- Judicial Computer System/Access To Justice Fees represent a \$10 fee imposed on all petitions for grant of letters, and first filings in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts. These fees were increased to \$23.50 for the period December 8, 2009 to December 31, 2014.

3. Commissions

Acting in the capacity of an agent for the Commonwealth, the county office is paid a commission for collection of Inheritance Taxes. Effective January 1, 1988, the commission rate is 4.25 percent of \$1.00 to \$200,000.00 collected; 1.75 percent of \$200,000.01 to \$1,000,000.00 collected; and .5 percent of all collections in excess of \$1,000,000.00. During the period under review, the County was paid \$1,977,272 by the Department of Revenue which is not reflected in the statement of receipts and disbursements.

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 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
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4. Disbursements And Credits

Register Of Wills

Inheritance Taxes

The Register of Wills participates in the Department of Revenue's cash management system for Inheritance Taxes. Under this system, the "Agent" deposits Inheritance Tax collections to a local account approved and established in the name of the Department of Revenue, thereby eliminating the need for the agent to issue a check to disburse these taxes.

Total disbursements and credits are comprised as follows:

Deposits into the Department of Revenue's cash management account	\$ 381,120,313
Credits issued by the Department of Revenue	<u>363,931</u>
Total	<u><u>\$ 381,484,244</u></u>

Clerk Of Orphans' Court

Total disbursements are comprised as follows:

Clerk of Orphans' Court checks issued to:

Department of Revenue	<u><u>\$ 887,026</u></u>
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5. Balance Due Commonwealth (County) For The Period January 7, 2008 To December 31, 2011

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue.

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6. Examination Adjustment - Clerk Of Orphans' Court

Our examination adjustment represents a credit of \$1,130 for an overpayment made to the Department of Revenue in January 2009; a credit of \$10 for an overpayment made to the Department of Revenue in November 2009; and a credit of \$24 for an overpayment made to the Department of Revenue in February 2010.

7. County Officer Serving During Examination Period

Kate Barkman served as Director of the Department of Court Records, Will/Orphans' Court Division during the period January 7, 2008 to December 31, 2011.

REGISTER OF WILLS/  
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FINDINGS AND RECOMMENDATIONS  
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Finding No. 1 - Inadequate Internal Controls Over Receipting And Depositing Of Collections

Our examination of the accounting records for the office disclosed the following deficiencies in the internal controls over receipts:

- Of 55 deposits tested, 4 were not deposited on the same day as collected. The time lapse from the date of receipt to the subsequent date of deposit ranged from four days to six days.
- Cash receipts were not always deposited when received, but were held for change-making purposes. We noted four deposits in which \$2,862 was held for making change.
- There were four instances where cash change was given for overpayments paid for by check(s). The cash change ranged from \$2 to \$24.
- There were 21 out of 55 deposits tested that had a mix of cash and checks recorded on the deposit slips that did not agree with the mix of cash and checks recorded on the accounting records.
- There were two deposits tested that appear to have cash shortages totaling \$304.00. Of this \$304.00, \$300.00 was returned the next day.
- There were five deposits that had checks in the deposit but could not be traced to a receipt. We found that the office was cashing personal checks as some of the checks were made payable to cash, others to an office employee, and one check was made payable to an employee's spouse.
- There were five deposits that had receipts where the method of payment (cash or check) was not properly recorded.
- There were five deposits that included miscellaneous receipts. However, the office's accounting software does not record miscellaneous receipts. Therefore, these receipts were not recorded in the cash receipts ledger.
- There were 216 receipt numbers missing from the daily receipt ledger for various reasons. These reasons included voided receipts, miscellaneous receipts, and receipts that were dated for another day.

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Finding No. 1 - Inadequate Internal Controls Over Receipt Receiving And Depositing Of Collections (Continued)

- The date on the receipts could be manipulated in the office's computer system. We found that several receipts had the dates changed to reflect a date earlier than was originally issued in the office.

A good system of internal controls ensures that:

- All monies collected are deposited intact at the bank on the same day as collected.
- Receipts are recorded in the same manner as payments are received (i.e., cash, check, money order). Any discrepancies should be immediately investigated and resolved.
- Change should not be given for transactions paid for by check(s). If the amount collected exceeds the amount due, a refund check should be disbursed to the remitter.
- The cashing of personal checks should be prohibited.
- All receipt numbers should be listed on the daily receipt ledger.
- Receipts should not be manipulated through the computer system.

Without a good system of internal controls over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

These conditions existed because the office failed to establish adequate internal controls over its receipts.

Recommendations

We recommend that the office establish and implement an adequate system of internal controls over receipts as noted above.

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Finding No. 1 - Inadequate Internal Controls Over Receipt Receipting And Depositing Of  
Collections (Continued)

Management's Response

The County Officer responded as follows:

The Department of Court Records, Wills/Orphan's Court Division has undertaken steps to strengthen internal controls. Significant changes were made starting in 2012, after the audit period for this audit. The Department of Court Records will continue to take steps to improve and enhance internal controls as well as look for ways to improve its operation including greater segregation of duties.

Auditor's Conclusion

We will determine if the Department of Court Records complied with our recommendations during our next examination.

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Finding No. 2 - Missing Records - Marriage License Applications

The Clerk of Orphans' Court office collects the payment for a Marriage License Application when the application is submitted. However, not all applications processed may result in a marriage license issued as couples may decide to cancel plans to marry. It is the office's policy to purge Marriage License applications after six months if a marriage license is not issued.

Our examination of Marriage licenses disclosed that the office issued more marriage licenses than applications processed as reflected in the following table:

Year	Marriage applications processed	Marriage Licenses issued	Difference
2008	6,312	6,270	42
2009	5,902	6,024	(122)
2010	6,017	5,986	31
2011	6,181	6,170	11
<b>Totals</b>	<b>24,412</b>	<b>24,450</b>	<b>(38)</b>

We were unable to determine why more marriage licenses were issued than applications processed in 2009 since the applications are destroyed after six months.

Good internal accounting controls ensure that all marriage license applications are properly accounted for and maintained. In addition, all documentation should be kept until audited by the Department of the Auditor General.

Without a good system of internal controls over marriage license applications, the potential is increased that collections associated with missing marriage license applications could be misappropriated.

This condition existed because the office failed to establish and implement an adequate system of internal controls over marriage license applications.

Recommendations

We recommend that the office establish and implement procedures to ensure that all records are properly accounted for and maintained. In addition, all documentation should be kept until audited by the Department of the Auditor General.

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Finding No. 2 - Missing Records - Marriage License Applications (Continued)

Management's Response

The County Officer responded as follows:

The Department of Court Records, Wills/Orphans' Court Division like prior Register of Wills Offices, purges marriage license applications after six (6) months if a marriage license is not issued. While the application may no longer exist, a record of the application and a receipt for the payment of the application fee is kept and preserved. Because the data is kept, a report can be run showing all marriage license applications for which a fee was paid to the Department of Court Records.

Auditor's Conclusion

Based on the County Officer's response above, we attempted to obtain the report that would show all marriage license applications for which a fee was paid to the Department of Court Records during the calendar year 2009. However, the Department of Court Records was unable to provide us with the requested report. We will determine if the Department of Court Records complied with our recommendations during our next examination.



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Finding No. 3 - Inadequate Voided Receipt Procedures

Our audit disclosed that proper voided receipt procedures were not always followed.

Of 24 receipts tested, we found 12 receipts that had no documentation as to the reason why the receipt was voided.

In addition, we obtained bank reconstruction information for 11 deposits and found the following issues:

- There were 16 receipts voided that had no documentation as to the reason why the receipt was voided.
- Five receipts, that were included in a bulk check payment, were voided and cash totaling the five receipts was removed from the total collections from that day's deposit. The following day, receipts for the five mentioned above were re-issued and the method of payment was changed to "cash" and the money was deposited with that day's collections.

Good internal controls require that if a receipt must be voided, proper documentation should be maintained to explain the reason for the void.

Without a good system of internal control over voids made by the office, the potential is increased that funds could be lost, stolen, or misappropriated.

This condition existed because the office failed to establish and implement an adequate system of internal controls over voided receipt procedures.

Recommendations

We recommend that the office establish and implement an adequate system of internal controls over voided receipts as noted above. All voided receipts should have proper documentation explaining the reason for the void.

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Finding No. 3 - Inadequate Voided Receipt Procedures (Continued)

Management Response

The County Officer responded as follows:

The Department of Court Records, Wills/Orphan's Court Division has undertaken steps to strengthen internal controls. Significant changes were made starting in 2012, after the audit period for this audit. The Department of Court Records will continue to take steps to improve and enhance internal controls as well as look for ways to improve its operation including greater segregation of duties.

Auditor's Conclusion

We will determine if the Department of Court Records complied with our recommendations during our next examination.

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Finding No. 4 - Inadequate Segregation Of Duties

Our examination disclosed that one employee in the office was responsible for performing the following functions:

- Preparing deposit slips.
- Reconciling the validated deposit slip to accounting records as to the mix of cash and checks collected.
- Reconciling the bank account.
- Reconciling collections to accounting records and/or receipts.
- Preparing checks.
- Summarizing accounting records.
- Making voided transaction adjustments

A good system of internal controls requires adequate segregation of duties.

In order to achieve adequate segregation of duties, one employee should not have custody of cash and at the same time maintain the accounting records for the cash. These duties should be segregated and rotated daily. As an alternative control, someone independent from maintaining the accounting records and handling cash should review the employee's work daily. The reviewer should sign and date the records and documents reviewed.

Without adequate segregation of duties, the possibility of funds being lost or misappropriated increases significantly.

This condition existed because the office failed to establish an adequate segregation of duties. Additionally, duties involving the handling of cash and maintaining accounting records were not rotated daily.

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Finding No. 4 - Inadequate Segregation Of Duties (Continued)

Recommendation

We recommend that the office provide for greater segregation of duties within the office. This can be done by cross-training personnel and rotating job functions that include the handling of cash and maintaining the accounting records for the cash. As an alternative and/or additional control, someone independent from the handling of cash and the accounting records should review the employee's work at the end of each day. The reviewer should sign and date the records and documents reviewed.

Management's Response

The County Officer responded as follows:

The Department of Court Records, Wills/Orphan's Court Division has undertaken steps to strengthen internal controls. Significant changes were made starting in 2012, after the audit period for this audit. The Department of Court Records will continue to take steps to improve and enhance internal controls as well as look for ways to improve its operation including greater segregation of duties.

Auditor's Conclusion

We will determine if the Department of Court Records complied with our recommendations during our next examination.

