

PROTHONOTARY/CLERK OF ORPHANS' COURT

UNION COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2005 TO DECEMBER 31, 2007

CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Financial Section:	
Statements Of Receipts And Disbursements:	
Prothonotary	5
Clerk Of Orphans' Court.....	6
Notes To The Statements Of Receipts And Disbursements	7
Finding And Recommendations:	
Finding - Inadequate Internal Controls Over Computer System	11
Report Distribution	15

Independent Auditor's Report

Mr. C. Daniel Hassell
Acting Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statements of receipts and disbursements (Statements) of the Prothonotary/Clerk of Orphans' Court, Union County, Pennsylvania (County Officer), for the period January 1, 2005 to December 31, 2007, 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*.

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 ended December 31, 2007, in conformity with the criteria set forth in Note 1.

Independent Auditor's Report (Continued)

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 deficiency described in the finding below to be a significant deficiency in internal control over reporting on the Statements:

- Inadequate Internal Controls Over Computer System.

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 the significant deficiency described above to be material weakness.

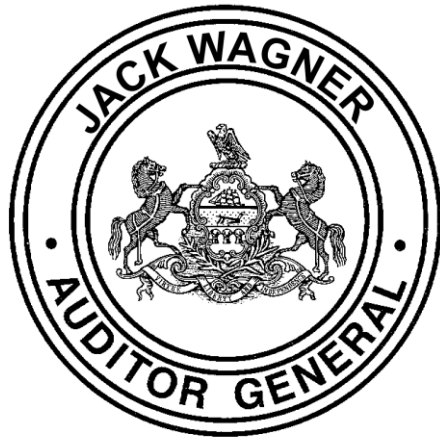
Independent Auditor's Report (Continued)

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

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.

October 13, 2009

JACK WAGNER
Auditor General



PROTHONOTARY
UNION COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Receipts:

Writ Taxes	\$ 780
Divorce Complaint Surcharges	3,510
Judicial Computer System/Access To Justice Fees	18,480
Protection From Abuse Surcharges and Contempt Fines	150
Criminal Charge Information System Fees	<u>938</u>
Total Receipts (Note 2)	23,858
Commissions (Note 3)	<u>(23)</u>
Net Receipts	23,835
Disbursements to Commonwealth (Note 4)	<u>(23,835)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2005 to December 31, 2007	<u><u>\$ -</u></u>

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

CLERK OF ORPHANS' COURT
 UNION COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2005 TO DECEMBER 31, 2007

Receipts:

Marriage License Taxes	\$ 428
Marriage License Application Surcharges	8,550
Marriage License Declaration Fees	8,550
Judicial Computer System/Access To Justice Fees	<u>910</u>
Total Receipts (Note 2)	18,438
Disbursements to Commonwealth (Note 4)	<u>(18,438)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2005 to December 31, 2007	<u><u>\$ -</u></u>

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

PROTHONOTARY/CLERK OF ORPHANS' COURT
UNION COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

1. Criteria

The Statements of Receipts and Disbursements provide a summary of receipts and disbursements by category. The categories and the amounts of fines, costs, fees, taxes, 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

Prothonotary

Receipts are comprised of taxes, surcharges, fees and fines collected on behalf of the Department of Revenue and the Administrative Office of Pennsylvania Courts. These include monies collected for the following taxes, surcharges, fees, and fines:

- Writ Taxes represent a \$.50 or \$.25 tax imposed on taxable instruments filed with the Prothonotary.
- Divorce Complaint Surcharges represent a \$10 surcharge imposed on all divorce decrees.
- Judicial Computer System/Access To Justice Fees represent a \$10 fee imposed for the filing of any legal paper to initiate a civil action or proceeding.
- Protection From Abuse Surcharges represent a \$25 surcharge imposed against defendants when a protection order is granted as a result of a hearing. Effective May 9, 2006, the surcharge was increased to \$100. Protection From Abuse Contempt Fines represent fines of not less than \$100 nor more than \$1,000 imposed against a defendant who is found to be in violation of a protection from abuse order. Effective May 9, 2006, the fine was increased to a minimum of \$300 and maximum of \$1000.

PROTHONOTARY/CLERK OF ORPHANS' COURT
UNION COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

2. Receipts (Continued)

Prothonotary (Continued)

- Criminal Charge Information System Fees represent a fee imposed on all custody cases. Of the fee imposed, 80% is payable to the Administrative Office of Pennsylvania Courts (AOPC) and 20% is payable to the County in which the action took place. The fee was \$6.00 for the period January 1, 2005 to December 31, 2005, and \$6.50 for the period January 1, 2006 to December 31, 2007. The statement of receipts and disbursements only reflects the portion collected on behalf of the AOPC.

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.

PROTHONOTARY/CLERK OF ORPHANS' COURT
 UNION COUNTY
 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2005 TO DECEMBER 31, 2007

3. Commissions – Prothonotary

Acting in the capacity of an agent for the Commonwealth, the Prothonotary is authorized to collect a commission of 3 percent on the Commonwealth portion of writ taxes. Accordingly, commissions owed the county are not included in the balance due the Commonwealth.

4. Disbursements

Prothonotary

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$	22,897
Adminstrative Office of Pennsylvania Courts		938
Total	\$	23,835

Clerk Of Orphans' Court

Total disbursements are comprised as follows:

Clerk of Orphans' Court checks issued to:

Department of Revenue	\$	18,438
-----------------------	----	--------

5. Balance Due Commonwealth (County) For The Period January 1, 2005 To December 31, 2007

Prothonotary

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects a summary of receipts disbursed directly to the Administrative Office of Pennsylvania Courts.

PROTHONOTARY/CLERK OF ORPHANS' COURT
UNION COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

5. Balance Due Commonwealth (County) For The Period January 1, 2005 To December 31, 2007 (Continued)

Clerk Of Orphans' Court

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

6. County Officer Serving During Examination Period

Linda Richards served as the Prothonotary/Clerk of Orphans' Court for the period January 1, 2005 to December 31, 2007.

PROTHONOTARY/CLERK OF ORPHANS' COURT
UNION COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Finding - Inadequate Internal Controls Over Computer System

Union County Prothonotary/Clerk of Orphans' Court (County) uses software purchased from and supported by an outsider service organization (Vendor) to account for transactions. The Vendor has remote access to the County's computer system and data.

During discussions with Vendor personnel, we learned that the Vendor has the ability to make changes to the County's data in a manner that would not be recorded through the normal accounting processes and, therefore, would not generate a normal examination trail.

We noted the following weaknesses:

- The Vendor has unmonitored access to the County's data. The County was not monitoring the Vendor's system accesses, nor were they receiving reports to show what data may have been altered and/or accessed.
- The County has not negotiated a contract and maintenance agreement with the Vendor.

Effective security policy and practice requires the County's approval and monitoring of any computer data changes made by the Vendor, particularly because of the Vendor's access to critical applications.

According to the Computer Emergency Response Team (CERT) of Carnegie Mellon University, inadequate contractor security policies and practices can result in undetected intrusions or security violations, lack of data integrity, and loss of privacy.

Further, CERT documents also caution that a system might experience loss of confidentiality and integrity due to the contractor using an unsecure method of remote access. This may result in intruders gaining unauthorized access to, modifying, or destroying the County's information systems and assets; deliberately introducing security vulnerabilities or viruses; and launching attacks on other systems from the County's network and perhaps making the County liable for damages.

These conditions existed because the County failed to establish adequate internal controls over its computer system.

PROTHONOTARY/CLERK OF ORPHANS' COURT
UNION COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Finding - Inadequate Internal Controls Over Computer System (Continued)

Recommendations

We recommend:

- That the County establish procedures to periodically generate monitoring reports that include the date, time, reason for change(s), change(s) made, and who made the change(s). The County should routinely review these reports to determine that access was appropriate and that data was not improperly altered.
- That the County should continue to take prudent steps to properly secure their production servers from unauthorized access using the remote access software installed on their system. We recommend consideration of security practices published by respected authorities in the field, such as the CERT Security Module entitled:

Outsourcing Managed Security Services
(<http://www.cert.org/archive/pdf/omss.pdf>)

- That the County negotiate an updated contract and software maintenance agreement with the Vendor. During this process the County's legal counsel should consider how to protect the County's interests in the event that errors or fraud occur as a result of Vendor employees accessing the County's data. Further, in accordance with the CERT document cited above, the following computer security issues should be considered for inclusion in the contract:
 - Assurances that vulnerabilities to known forms of attack have been addressed in the contractor software (i.e., all security patches have been updated and applied), assertions that contractor software is installed and configured to operate securely, and warranties that no malicious code (i.e., Trojan Horses) or viruses exist in contractor software.
 - The remote access method, the user authentication process, and a requirement that the contractor communicate securely with the County's site when operating remotely.
 - The ability to restrict systems administrator-level access to authorized users, as well as the ability to log appropriate activities for purposes of detecting intrusions and attempted intrusions.

PROTHONOTARY/CLERK OF ORPHANS' COURT
UNION COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Finding - Inadequate Internal Controls Over Computer System (Continued)

Recommendations (Continued)

- A recently completed security evaluation of the contractor encompassing the technology being selected.
- A non-disclosure agreement if the contractor may encounter proprietary information on the County's systems.
- That the County always maintain an updated contract so as to provide appropriate legal recourse in the event of disputes with the Vendor.

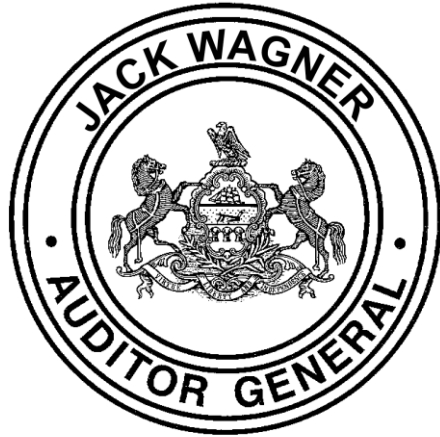
Management's Response

The Prothonotary/Clerk of Orphans' Court responded as follows:

Appropriate steps will be taken. I will be talking to my solicitor and IT [Information Technology] person.

Auditor's Conclusion

During our next examination we will determine if the office complied with our recommendations.



PROTHONOTARY/CLERK OF ORPHANS' COURT
UNION COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

This report was initially distributed to:

Mr. C. Daniel Hassell
Acting Secretary
Pennsylvania Department of Revenue

The Honorable Zygmunt Pines
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable Linda Richards

Prothonotary/Clerk of Orphans' Court

The Honorable Preston R. Boop

Chairman of the Board of Commissioners

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at www.auditorgen.state.pa.us.