

RECORDER OF DEEDS/
REGISTER OF WILLS/
CLERK OF ORPHANS' COURT

MIFFLIN COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2003 TO DECEMBER 31, 2005

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Independent Auditor's Report

The Honorable Thomas W. Wolf
Secretary
Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statements of receipts and disbursements (Statements) of the Recorder of Deeds/Register of Wills/Clerk of Orphans' Court, Mifflin County, Pennsylvania (County Officer), for the period January 1, 2003 to December 31, 2005, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*. 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 reported and promptly transmitted. *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 Department of Revenue and other state agencies for the period ended December 31, 2005, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of 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 the Statements or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a certain finding that is required to be reported under *Government Auditing Standards* and this finding, along with the views of management, is described in the Finding and Recommendation section of the report.

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.

April 27, 2007

JACK WAGNER
Auditor General

RECORDER OF DEEDS
MIFFLIN COUNTY
REALTY TRANSFER TAXES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

Receipts:

Realty Transfer Taxes (Note 2)	\$ 2,225,020
Disbursements to Department of Revenue (Note 4)	<u>(2,225,020)</u>
Balance due Department of Revenue (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Department of Revenue (County) for the period January 1, 2003 to December 31, 2005	<u><u>\$ -</u></u>

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

RECORDER OF DEEDS
 MIFFLIN COUNTY
 WRIT TAXES AND JUDICIAL COMPUTER SYSTEM/ACCESS TO JUSTICE FEES
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2003 TO DECEMBER 31, 2005

Receipts:

Writ Taxes	\$ 15,468
Judicial Computer System/Access To Justice Fees	<u>252,340</u>
Total Receipts (Note 2)	267,808
Commissions (Note 3)	<u>(464)</u>
Net Receipts	267,344
Disbursements to Department of Revenue (Note 4)	<u>(267,344)</u>
Balance due Department of Revenue (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Department of Revenue (County) for the period January 1, 2003 to December 31, 2005	<u><u>\$ -</u></u>

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

REGISTER OF WILLS
MIFFLIN COUNTY
INHERITANCE TAXES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

Receipts:

Inheritance Taxes (Note 2)	\$ 4,963,549
Disbursements to Department of Revenue (Note 4)	<u>(4,963,549)</u>
Balance due Department of Revenue (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Department of Revenue (County) for the period January 1, 2003 to December 31, 2005	<u>\$ -</u>

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

CLERK OF ORPHANS' COURT
 MIFFLIN COUNTY
 MARRIAGE LICENSE TAXES, SURCHARGES, FEES AND
 JUDICIAL COMPUTER SYSTEM/ACCESS TO JUSTICE FEES
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2003 TO DECEMBER 31, 2005

Receipts:

Marriage License Taxes	\$	444
Marriage License Application Surcharges		8,880
Marriage License Declaration Fees		8,880
Judicial Computer System/Access To Justice Fees		<u>6,250</u>
Total Receipts (Note 2)		24,454
Disbursements to Department of Revenue (Note 4)		<u>(24,512)</u>
Balance due Department of Revenue (County) per settled reports (Note 5)		(58)
Examination adjustment (Note 6)		<u>58</u>
Adjusted balance due Department of Revenue (County) for the period January 1, 2003 to December 31, 2005	\$	<u><u>-</u></u>

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

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
MIFFLIN COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

1. Criteria

The Statements of Receipts and Disbursements (Statements) have been prepared in accordance with Title 72 P.S. Section 401 (b) of *The Fiscal Code*, which requires the Department of the Auditor General to determine whether all money collected on behalf of the Commonwealth has been remitted properly and to provide the Department of Revenue with a report to enable them to settle an account covering any delinquency.

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

Recorder Of Deeds

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

- The Pennsylvania Realty Transfer Tax is a documentary stamp tax of 1 percent on the value of the interest in real property transferred by deed.
- Writ Taxes represent a \$.50 tax imposed on various types of documents and a \$10 tax on notary public commissions processed through the office.
- Judicial Computer System/Access To Justice Fees represent a \$10 fee, for filings after November 1, 2002, imposed for each filing of a deed, mortgage, or property transfer.

Register Of Wills

Receipts consist of monies collected on behalf of the Department of Revenue less commissions on these monies. These include monies collected for the following taxes and fees:

- Inheritance Taxes represent inheritance taxes filed with the Register of Wills.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
MIFFLIN COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

2. Receipts (Continued)

Register Of Wills (Continued)

- Judicial Computer System/Access To Justice Fees represent fees (\$5.00 for filings prior to November 1, 2002 and \$10.00 for filings afterwards) 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.

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.

Clerk Of Orphans' Court

Receipts consist of monies collected on behalf of the Department of Revenue. 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 \$10.00 surcharge imposed on all marriage license applications.
- The Marriage License Declaration Fees is a \$13.00 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 \$10.00 (Marriage License/Declaration Fees). The statement of receipts and disbursements only reflects the portion collected on behalf of the Commonwealth.

RECORDER OF DEEDS/REGISTER OF WILLS/
 CLERK OF ORPHANS' COURT
 MIFFLIN COUNTY
 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2003 TO DECEMBER 31, 2005

2. Receipts (Continued)

Clerk Of Orphans' Court (Continued)

- Judicial Computer System/Access To Justice Fees represent fees (\$5.00 for filings prior to November 1, 2002 and \$10.00 for filings afterwards) imposed on all petitions for grant of letters, and first filings in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts.

3. Commissions

Acting in the capacity of an agent for the Commonwealth, the Recorder of Deeds/Register of Wills is authorized to collect a commission on the Commonwealth portion of taxes as follows:

<u>Tax</u>	<u>Commission</u>
Realty Transfer	1%
Writ	3%
Inheritance	4.25% \$1.00 to \$200,000.00
	1.75% next \$800,000.00
	.50% thereafter

Recorder of Deeds commissions of \$22,250 for Realty Transfer Taxes and Register of Wills commissions of \$77,318 for Inheritance Taxes were paid to the County by the Department of Revenue, which are not reflected in the statements of receipts and disbursements.

4. Disbursements To Department Of Revenue

Recorder Of Deeds

Realty Transfer Taxes

The Recorder of Deeds participates in the Department of Revenue's cash management system for Realty Transfer Taxes. Under this system, the "Agent" deposits Realty Transfer 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.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
MIFFLIN COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

4. Disbursements To Department Of Revenue (Continued)

Recorder Of Deeds (Continued)

Realty Transfer Taxes (Continued)

Total disbursements are comprised as follows:

Deposits into the Department of Revenue's cash management account	<u>\$ 2,225,020</u>
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Writ Taxes and Judicial Computer System/Access To Justice Fees

Total disbursements are comprised as follows:

Checks issued to the Department of Revenue	<u>\$ 267,344</u>
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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 are comprised as follows:

Deposits into the Department of Revenue's cash management account	<u>\$ 4,963,549</u>
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Clerk Of Orphans' Court

Total disbursements are comprised as follows:

Checks issued to the Department of Revenue	<u>\$ 24,512</u>
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RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
MIFFLIN COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

5. Balance Due Department Of Revenue (County) For The Period January 1, 2003 To December 31, 2005

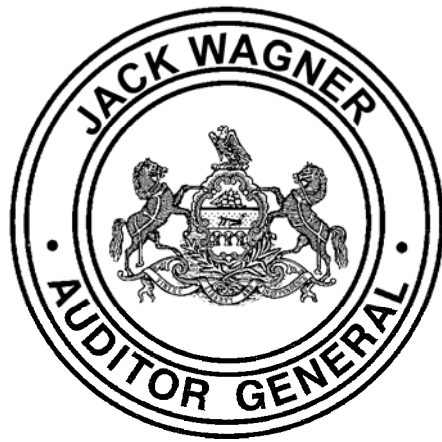
This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue.

6. Examination Adjustment

During our prior audit, January 1, 1999 to December 31, 2002, we determined that there was a balance due to the Commonwealth of \$58. This balance due was paid to the Department of Revenue in June 2004.

7. County Officer Serving During Examination Period

Barbara A. Stringer served as Recorder of Deeds/Register of Wills/Clerk of Orphans' Court during the period January 1, 2003 to December 31, 2005.



RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
MIFFLIN COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

Finding – Inadequate Internal Controls Over Receipts

Our examination revealed significant weaknesses in the internal controls over receipts. We noted the following discrepancies:

- Fifty out of fifty Recorder of Deeds' cash receipts tested has a mix of cash and checks recorded on the deposit slips that did not agree with the total collections on the income records.
- Twenty out of sixty Register of Wills' cash receipts tested had a mix of cash and checks recorded on the deposit slips that did not agree with the total collections on the income records.
- Change is given for overpayments paid for by check(s).

Good internal accounting controls ensure that:

- All cash, checks and money orders collected for a day equal the cash, checks and money orders deposited. Any discrepancies should be immediately investigated and resolved.
- Receipts should be coded in the same manner as payment was received (i.e., cash, check, money order).
- 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.

Without these controls, the potential for money being unaccounted for and/or misappropriated increases significantly.

The clerks were not inputting a check/money order number into the check/money order field when a transaction was paid for with a check or money order; therefore the computer picked up the transaction as cash. It was also noted that change was given back if a check was written over the amount due.

Recommendation

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

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
MIFFLIN COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

Finding – Inadequate Internal Controls Over Receipts (Continued)

Management's Response

The Recorder of Deeds/Register of Wills/Clerk of Orphans' Court responded as follows:

I will be talking and getting new insight from my state solicitor as to verify legally if I can not record a mortgage or deed (could be a legal problem if I reject papers or return by mail) for improper or excessive monies on the check payment(s). Definitely no change will be given on an excessive amount on a check.

Corrective action has been taken to list on a receipt, checks as check and cash as cash. As before, check numbers were not inserted on the check line and therefore showed up as cash. We now do receipts with the proper method of encoding of payment.

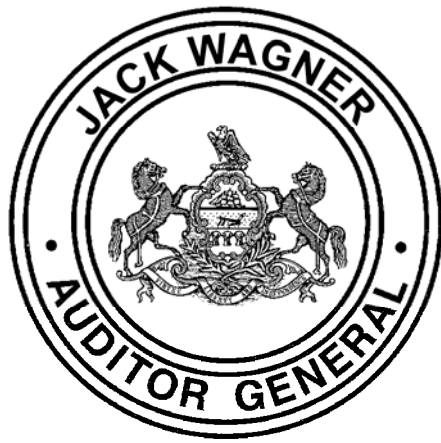
RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
MIFFLIN COUNTY
COMMENT
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

Comment - Compliance With Prior Audit Recommendations

During our prior audit, we made the following recommendations:

- That the office officials consult legal counsel about 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.
- That the office require the vendor to provide monitoring reports which include the date, time, reason for change(s), changes(s) made and who made the change(s) when changes to the County's data are made outside of normal processing. The County should routinely review these reports to determine that access was appropriate and that data was not improperly altered.
- That the office users be required to periodically change their passwords.
- That the office users have individual User ID's and passwords.

During our current examination, we noted that the office complied with our recommendations.



RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
MIFFLIN COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

This report was initially distributed to:

The Honorable Thomas W. Wolf
Secretary
Department of Revenue

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

Recorder of Deeds/Register of Wills/
Clerk of Orphans' Court
Mifflin County
20 North Wayne Street
Lewistown, PA 17044

The Honorable Barbara A. Stringer

Recorder of Deeds/Register of Wills/
Clerk of Orphans' Court

The Honorable Susan McCartney

Chairwoman of the Board of Commissions

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.