

RECORDER OF DEEDS/  
REGISTER OF WILLS

WYOMING COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2007 TO DECEMBER 31, 2010

## CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Financial Section:	
Statements Of Receipts And Disbursements:	
Recorder Of Deeds	
Realty Transfer Taxes .....	5
Writ Taxes And Judicial Computer System/Access To Justice Fees .....	6
Register Of Wills.....	7
Notes To The Statements Of Receipts And Disbursements .....	8
Finding And Recommendations:	
Finding - Inadequate Internal Controls Over Computer System .....	13
Report Distribution .....	17



**Department of the Auditor General  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER  
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 Recorder of Deeds/Register of Wills, Wyoming County, Pennsylvania (County Officer), for the period January 1, 2007 to December 31, 2010, 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 ended December 31, 2010, 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 deficiency described in the finding below to be a significant deficiency in internal control over the 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 a 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.

April 12, 2012

JACK WAGNER  
Auditor General



RECORDER OF DEEDS  
WYOMING COUNTY  
REALTY TRANSFER TAXES  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2010

Receipts:

Realty Transfer Taxes (Note 2)	\$ 2,152,736
Disbursements to Commonwealth (Note 4)	<u>(2,152,736)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2007 to December 31, 2010	<u><u>\$ -</u></u>

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

RECORDER OF DEEDS  
 WYOMING COUNTY  
 WRIT TAXES AND JUDICIAL COMPUTER SYSTEM/ACCESS TO JUSTICE FEES  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2007 TO DECEMBER 31, 2010

Receipts:

Writ Taxes	\$	19,134
Judicial Computer System/Access To Justice Fees		<u>208,013</u>
Total Receipts (Note 2)		227,147
Commissions (Note 3)		<u>(574)</u>
Net Receipts		226,573
Disbursements to Commonwealth (Note 4)		<u>(226,573)</u>
Balance due Commonwealth (County) per settled reports (Note 5)		-
Examination adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2007 to December 31, 2010	\$	<u><u>-</u></u>

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



REGISTER OF WILLS  
 WYOMING COUNTY  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2007 TO DECEMBER 31, 2010

Receipts:

Inheritance Taxes	\$	4,850,186
Judicial Computer System/Access To Justice Fees		<u>5,049</u>
Total Receipts (Note 2)		4,855,235
Disbursements and credits to Commonwealth (Note 4)		<u>(4,855,235)</u>
Balance due Commonwealth (County) per settled reports (Note 5)		-
Examination adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2007 to December 31, 2010	\$	<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  
WYOMING COUNTY  
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2010

1. Criteria

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

Recorder Of Deeds

Receipts consist of monies collected on behalf of the Commonwealth. 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 imposed for each filing of deeds in any form, mortgages, mortgage assignments, mortgage releases, mortgage satisfaction pieces, installment sales agreements, leases for a term of 30 years or longer, and easements. These fees were temporarily increased to \$23.50 for the period December 8, 2009 to December 31, 2014.

Register Of Wills

Receipts consist of monies collected on behalf of the Commonwealth 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  
 WYOMING COUNTY  
 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2007 TO DECEMBER 31, 2010

2. Receipts (Continued)

Register Of Wills (Continued)

- 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 temporarily 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 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 \$21,527 for Realty Transfer Taxes and Register of Wills commissions of \$91,885 for Inheritance Taxes were paid to the County by the Department of Revenue, which are not reflected in the Statements.

RECORDER OF DEEDS/  
REGISTER OF WILLS  
WYOMING COUNTY  
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2010

4. Disbursements And Credits To Commonwealth

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.

Total disbursements are comprised as follows:

Deposits into the Department of Revenue's cash management account	\$ <u>2,152,736</u>
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**Writ Taxes And Judicial Computer System/Access To Justice Fees**

Total disbursements are comprised as follows:

Recorder of Deeds checks issued to:

Department of Revenue	\$ <u>226,573</u>
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RECORDER OF DEEDS/  
REGISTER OF WILLS  
WYOMING COUNTY  
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2010

4. Disbursements And Credits To Commonwealth (Continued)

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:

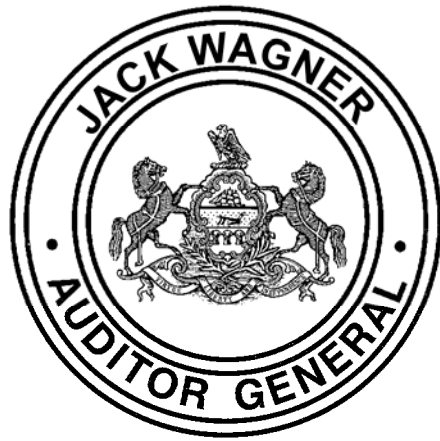
Deposits into the Department of Revenue's cash management account	\$ 4,825,693
Credits issued by the Department of Revenue	24,493
Checks issued to the Department of Revenue for Judicial Computer System/Access To Justice Fees	<u>5,049</u>
Total	<u><u>\$ 4,855,235</u></u>

5. Balance Due Commonwealth (County) For The Period January 1, 2007 To December 31, 2010

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

6. County Officer Serving During Examination Period

Dennis L. Montross served as Recorder of Deeds/Register of Wills during the period January 1, 2007 to December 31, 2010.



RECORDER OF DEEDS/  
REGISTER OF WILLS  
WYOMING COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2010

Finding - Inadequate Internal Controls Over Computer System

The Wyoming County Recorder of Deeds/Register of Wills (County) uses software purchased from and supported by outside service organizations (Vendors) to account for transactions. The Vendors have remote access to the County's computer system and data.

The Vendors have 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 also noted the following weaknesses:

- The County does not require notification of which Vendor's employees have authority to access to their data and ensure that changes are made only by authorized representatives.
- The Vendors have unmonitored access to the County's data. The County was not monitoring the Vendors' system accesses, nor were they receiving reports to show what data may have been altered and/or accessed.
- There are no controls in place to ensure that users do not process transactions under another user's ID.
- County's users are not required to periodically change their passwords after initial password selection.
- The contract agreements between the County and the Vendors relieves the Vendors of any liability concerning loss of data or system functionality that may be caused by the Vendors' actions.

Effective security policy and practice requires the County's approval and monitoring of any computer data changes made by the Vendors, particularly because of the Vendors' access to critical applications. Furthermore, to ensure confidentiality, passwords should be changed periodically and not exchanged between employees.

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.

RECORDER OF DEEDS/  
REGISTER OF WILLS  
WYOMING COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2010

Finding - Inadequate Internal Controls Over Computer System (Continued)

Further, CERT documents also caution that a system might experience loss of confidentiality and integrity due to contractor's 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.

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 updated contract's and software maintenance agreements with the Vendors. 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 Vendors' 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's software (i.e., all security patches have been updated and applied), assertions that contractor's software is installed and configured to operate securely, and warranties that no malicious code (i.e., Trojan Horses) or viruses exist in contractor software.



RECORDER OF DEEDS/  
REGISTER OF WILLS  
WYOMING COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2010

Finding - Inadequate Internal Controls Over Computer System (Continued)

Recommendations (Continued)

- The remote access method, the user authentication process, and a requirement that the contractor's 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.
- A recently completed security evaluation of the contractor's encompassing the technology being selected.
- A non-disclosure agreement if the contractor's may encounter proprietary information on the County's systems.
- That the County always maintain updated contracts so as to provide appropriate legal recourse in the event of disputes with the Vendors.
- That the County office users be required to periodically change their passwords.

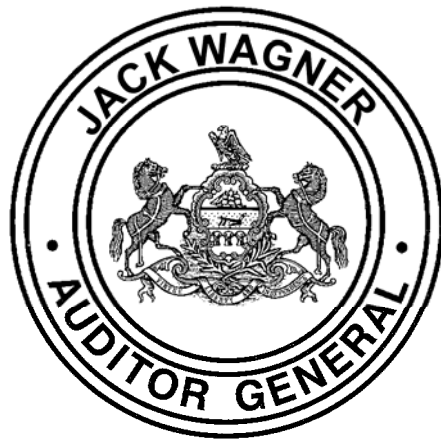
Management's Response

The County Officer responded as follows:

The Register and Recorders office will work to comply with the recommendations per our audit to ensure we establish a secure data base of our records. We will contact our office solicitor, county solicitor, Wyoming County IT office and our vendors to work toward this goal.

Auditor's Conclusion

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



RECORDER OF DEEDS/  
REGISTER OF WILLS  
WYOMING COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2010

This report was initially distributed to:

The Honorable Daniel P. Meuser  
Secretary  
Pennsylvania Department of Revenue

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

The Honorable Dennis L. Montross

Recorder of Deeds/Register of Wills

The Honorable Judy Kraft Mead

Chairperson 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](http://www.auditorgen.state.pa.us).