



RECORDER OF DEEDS/
REGISTER OF WILLS

ADAMS COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2004 TO DECEMBER 31, 2007

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Independent Auditor's Report

The Honorable Steven H. Stetler
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, Adams County, Pennsylvania (County Officer), for the period January 1, 2004 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 the reporting on the Statements:

- Improper User ID Procedures.

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.

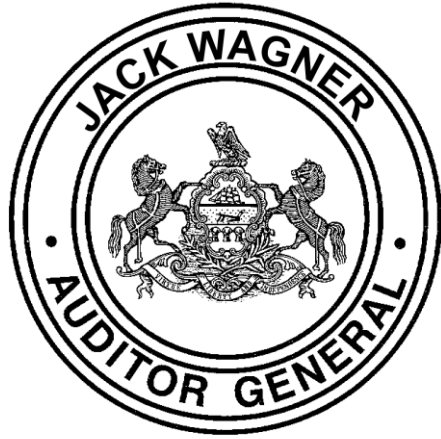
The results of our tests also did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

January 23, 2009

JACK WAGNER
Auditor General



RECORDER OF DEEDS
 ADAMS COUNTY
 REALTY TRANSFER TAXES
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2004 TO DECEMBER 31, 2007

Receipts:

Realty Transfer Taxes (Note 2)	\$ 19,761,870
Commissions (Note 3)	<u>(197,619)</u>
Net Receipts	19,564,251
Disbursements to Commonwealth (Note 4)	<u>(19,564,251)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) January 1, 2004 to December 31, 2007	<u><u>\$ -</u></u>

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

RECORDER OF DEEDS
 ADAMS COUNTY
 WRIT TAXES AND JUDICIAL COMPUTER SYSTEM/ACCESS TO JUSTICE FEES
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2004 TO DECEMBER 31, 2007

Receipts:

Writ Taxes	\$	50,234
Judicial Computer System/Access To Justice Fees		<u>834,290</u>
Total Receipts (Note 2)		884,524
Commissions (Note 3)		<u>(1,507)</u>
Net Receipts		883,017
Disbursements to Commonwealth (Note 4)		<u>(883,011)</u>
Balance due Commonwealth (County) per settled reports (Note 5)		6
Examination adjustments (Note 6)		<u>(6)</u>
Adjusted balance due Commonwealth (County) January 1, 2004 to December 31, 2007	\$	<u><u>-</u></u>

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

REGISTER OF WILLS
ADAMS COUNTY
INHERITANCE TAXES AND
JUDICIAL COMPUTER SYSTEM/ACCESS TO JUSTICE FEES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Receipts:

Inheritance Taxes	\$ 19,649,393
Judicial Computer System/Access To Justice Fees	<u>15,230</u>
Total Receipts (Note 2)	19,664,623
Disbursements and credits to Commonwealth (Note 4)	<u>(19,664,623)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) January 1, 2004 to December 31, 2007	<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
ADAMS COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 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 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.

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
 ADAMS COUNTY
 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2004 TO DECEMBER 31, 2007

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.

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

Register of Wills commissions of \$168,877 for Inheritance Taxes were paid to the County by the Department of Revenue, which are not reflected in the Statements.

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.

RECORDER OF DEEDS/
REGISTER OF WILLS
ADAMS COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

4. Disbursements And Credits To Commonwealth (Continued)

Recorder Of Deeds (Continued)

Total disbursements are comprised as follows:

Deposits into the Department of Revenue's cash management account	\$ 19,564,251
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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	\$ 883,011
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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.

RECORDER OF DEEDS/
REGISTER OF WILLS
ADAMS COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

4. Disbursements And Credits To Commonwealth (Continued)

Register Of Wills (Continued)

Total disbursements and credits are comprised as follows:

Deposits into the Department of Revenue's cash management account	\$ 19,649,341
Credits issued by the Department of Revenue	52
Checks issued to the Department of Revenue for Judicial Computer System/Access To Justice Fees	<u>15,230</u>
Total	<u><u>\$ 19,664,623</u></u>

5. Balance Due Commonwealth (County) For The Period January 1, 2004 To December 31, 2007

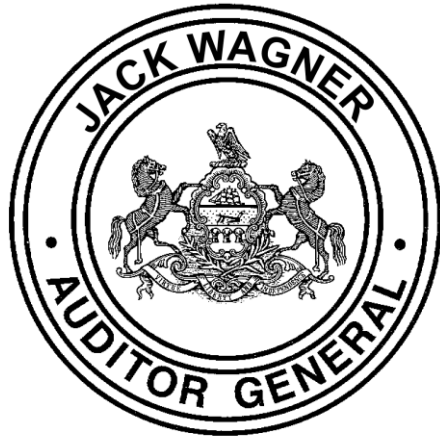
This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue.

6. Examination Adjustment

During our prior audit, January 1, 2000 to December 31, 2003, we determined that there was a balance due to the County of \$6. This credit was taken in November 2005.

7. County Officer Serving During Examination Period

Patsy S. Gochenauer served as Recorder of Deeds/Register of Wills during the period January 1, 2004 to December 31, 2007.



RECORDER OF DEEDS/
REGISTER OF WILLS
ADAMS COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding - Improper User ID Procedures

During our examination of the office, we noted that a computer terminal used by all employees of the office to process payments received at the counter, is signed on under one individual's User ID.

A good system of internal accounting controls requires that each employee use his or her own User ID when processing transactions through the computer system. This control enables the office to maintain documentation of who processed each transaction through the computer system.

Office employees felt that not signing on to the computer under their own individual User IDs would save time when processing payments at the counter.

This condition existed because the office failed to establish and implement an adequate system of internal controls over the use of User IDs on the computer terminal.

Without a good system of internal controls over the use of User IDs, the potential is increased that funds could be lost or misappropriated. Additionally, the processing of transactions and errors or irregularities could occur without being able to identify the individual who made the transaction.

Recommendation

We recommend that the office adhere to a good system of internal accounting controls by requiring employees of the office to sign on to computers by using their own individual User IDs so that each transaction can be identified with the employee processing the transaction.

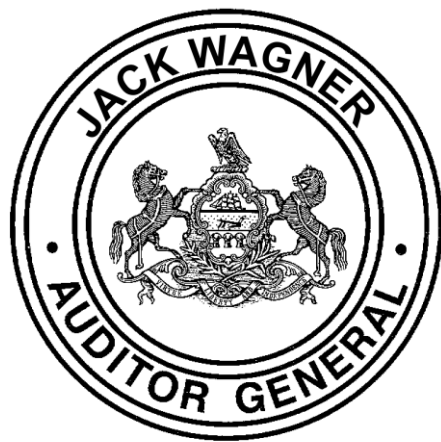
Management's Response

The County Officer responded as follows:

As of the end of August 2008, each person puts their first initial and last name at the User ID. Now we can track what each person does on the computer.

Auditor's Conclusion

Although the initial of the user is entered into the computer system, it is manually entered and can be altered at any time. Each employee accessing the computer should be assigned a unique User ID and should utilize his or her User ID when processing payments so there is a record of who processes each transaction.



RECORDER OF DEEDS/
REGISTER OF WILLS
ADAMS COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

This report was initially distributed to:

The Honorable Steven H. Stetler
Secretary
Pennsylvania 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
Adams County
Adams County Courthouse
111-117 Baltimore Street
Gettysburg, PA 17325

The Honorable Linda K. Myers

Recorder of Deeds/Register of Wills

The Honorable George Weikert

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.