



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

HUNTINGDON COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2007 TO SEPTEMBER 30, 2010

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RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
BACKGROUND INFORMATION
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

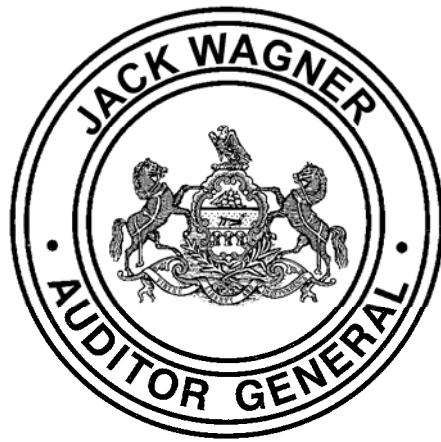
Background Information

On January 10, 2010, the Department of Revenue contacted the Department of the Auditor General to discuss potential problems within the Huntingdon County Register of Wills/Recorder of Deeds office. The areas of concern included inheritance tax payments not being processed, not being processed timely, and monthly reports for Inheritance Tax and Realty Transfer Tax collections not being submitted timely to the Department of Revenue.

The examination started on February 4, 2010. When the auditors met with Janet E. Hanks, the Recorder of Deeds/Register of Wills/Clerk of Orphans' Court (County Officer), it was observed that the office was in disarray. It was noted that cases were not filed properly nor timely processed. There were piles of files and papers on desks, shelves, cabinets, and on the floor in no particular order. There was also unopened mail in no particular order. The County Officer stated that she just did not have time to process all the inheritance tax payments nor to timely submit the monthly reports to the Department of Revenue.

The County Officer also indicated that she had lost certain checks and mail because of the lack of space and the amount of work she had to perform with the limited resources.

Department of Revenue representatives arrived at the office on September 22, 2010 to try to bring the backlogged cases and payments up to date. The County Officer gave the representatives boxes of payments to process and deposit. It should be noted that it did not appear that all the files and mail were given to the representatives, as after these boxes were given to them, the office still was in disarray with files and unopened mail in the above mentioned areas.





**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 were engaged to examine the accompanying statements of receipts and disbursements (Statements) of the Recorder of Deeds/Register of Wills/Clerk of Orphans' Court, Huntingdon County, Pennsylvania (County Officer), for the period January 1, 2007 to September 30, 2010, to determine if the County Officers reported and transmitted all monies payable by them to the Commonwealth 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.

As discussed in Finding Nos. 1 and 4, poor cash receipt and case filing practices prevented auditors from determining whether or not the County Officer properly recorded, remitted, and reported all monies received and due to the Commonwealth. We were unable to satisfy ourselves by other examination procedures; therefore, we determined that management's inadequate internal control policies and procedures over receipts and reporting on the Statements restricted the scope of our examination of the Statements.

Because of the restriction on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether 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 September 30, 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. However, the purpose of this examination was not the expression of an opinion on the internal control over reporting on the Statements or on compliance and other matters; accordingly, we express no such opinions.

Independent Auditor's Report (Continued)

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 Inheritance Tax Receipts.
- Inadequate Segregation of Duties.
- Inadequate Internal Controls Over The Bank Accounts.
- Case Files Not Available For Examination – Inheritance Taxes.
- Certain Case Files Stored At Unsecured Public Area.

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.

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*. However, we did note an other matter that while not be required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

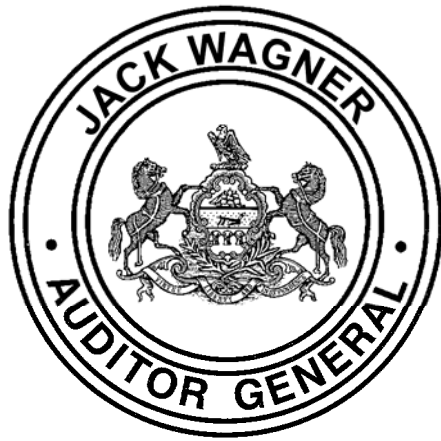
- Monthly Reports Not Submitted Timely To The Department Of Revenue - Inheritance Taxes And Realty Transfer Taxes.

We are concerned in light of the County Officer's failure to correct a previously reported finding regarding certain case files stored at unsecured public area. Additionally, during our current examination, we noted inadequate segregation of duties, inadequate internal controls over the bank accounts and inheritance tax collections, untimely reports submitted to the Department of Revenue, and cases unavailable for examination. The County Officer should strive to implement the recommendations and corrective action noted in this examination 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 26, 2011

JACK WAGNER
Auditor General



RECORDER OF DEEDS
HUNTINGDON COUNTY
REALTY TRANSFER TAXES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Receipts:

Realty Transfer Taxes (Note 2)	\$ 2,935,192
Disbursements to Commonwealth (Note 4)	<u>(2,935,192)</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 September 30, 2010	<u><u>\$ -</u></u>

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

RECORDER OF DEEDS
 HUNTINGDON COUNTY
 WRIT TAXES AND JUDICIAL COMPUTER SYSTEM/ACCESS TO JUSTICE FEES
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Receipts:

Writ Taxes	\$	16,469
Judicial Computer System/Access To Justice Fees		<u>326,421</u>
Total Receipts (Note 2)		342,890
Commissions (Note 3)		<u>(494)</u>
Net Receipts		342,396
Disbursements to Commonwealth (Note 4)		<u>(342,396)</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 September 30, 2010	\$	<u><u>-</u></u>

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

REGISTER OF WILLS
HUNTINGDON COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Receipts:

Inheritance Taxes (Note 2)	\$ 6,114,593
Disbursements to Commonwealth (Note 4)	<u>(6,114,593)</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 September 30, 2010	<u><u>\$ -</u></u>

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

CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Receipts:

Marriage License Taxes	\$	465
Marriage License Application Surcharges		9,290
Marriage License Declaration Fees		9,290
Judicial Computer System/Access To Justice Fees		<u>10,373</u>
Total Receipts (Note 2)		29,418
Disbursements to Commonwealth (Note 4)		<u>(29,418)</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 September 30, 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/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 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, 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

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.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

2. Receipts (Continued)

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.
- 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.

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 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.

RECORDER OF DEEDS/REGISTER OF WILLS/
 CLERK OF ORPHANS' COURT
 HUNTINGDON COUNTY
 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2007 TO SEPTEMBER 30, 2010

2. Receipts (Continued)

Clerk Of Orphans' Court (Continued)

- 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.

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 \$29,352 for Realty Transfer Taxes and Register of Wills commissions of \$80,512 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/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

4. Disbursements 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	\$ 2,935,192
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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	\$ 342,396
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RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

4. Disbursements 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 are comprised as follows:

Deposits into the Department of Revenue's cash management account	\$ 6,114,593 <u> </u>
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Clerk Of Orphans' Court

Total disbursements are comprised as follows:

Clerk of Orphans' Court checks issued to:

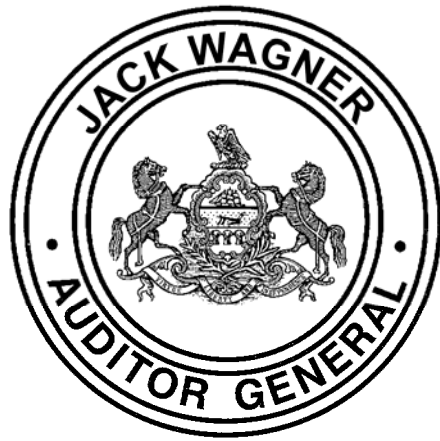
Department of Revenue	\$ 29,418 <u> </u>
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5. Balance Due Commonwealth (County) For The Period January 1, 2007 To September 30, 2010

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

6. County Officer Serving

Janet E. Hanks served as Recorder of Deeds/Register of Wills/Clerk of Orphans' Court during the period January 1, 2007 to September 30, 2010. Furthermore, she served as the Recorder of Deeds/Register of Wills/Clerk of Orphans' Court until December 31, 2011.



RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Finding No. 1 - Inadequate Internal Controls Over Inheritance Tax Receipts

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

- Of 259 payments tested, 206 were not deposited on the same day as collected. The time lapse from the date of payment to the subsequent date of deposit ranged from 4 days to 864 days.
- Of the 259 payments tested, there were 17 payments, totaling \$35,046.14, that were never deposited.
- Of the 259 payments tested, the original check was at times not honored by the bank because of the lateness in taking the check to the bank for payment. The Department of Revenue received a replacement remittance from the remitter in 81 instances. The total of these remittances was \$294,500.23.
- Because of the high volume of unopened payments made by mail to the office, we asked the County Officer on March 17, 2010 to open all the mail in front of the auditor. There were six pieces of mail pertaining to Inheritance Taxes that were given to the auditor for review with postmark dates ranging from March 24, 2009 to December 2, 2009, which were opened on March 17, 2010. Because there was more mail that was not opened and visible behind and on the County Officers desk, it could not be guaranteed that the auditor received everything that was in the unopened mail. Five of the six pieces of mail contained inheritance tax checks totaling \$6,568.06, of which only \$5,566.79 was ever deposited.

These conditions existed because the office failed to establish adequate internal controls over its processing and receipting of inheritance tax payments.

A good system of internal controls ensures that:

- All monies collected be processed and deposited in the bank at the end of every day.
- All mail is opened the day it is received and processed timely.

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

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Finding No. 1 - Inadequate Internal Controls Over Inheritance Tax Receipts (Continued)

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over processing inheritance tax payments as noted above.

Management's Response

The County Officer who served during the examination period responded as follows:

Acknowledged and problem addressed.

Auditor's Conclusion

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

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Finding No. 2 - Inadequate Segregation Of Duties

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

- Summarizing accounting records.
- Reconciling collections to accounting records and/or receipts.
- Preparing checks.
- Authorizing disbursements.
- Reconciling the bank account.
- Processing Inheritance Tax transactions
- Opening mail.
- Collecting cash, entering collection information into the computer system, and issuing receipts.
- Preparing deposit slips.
- Making the deposit.

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 office personnel were not cross-trained. Additionally, duties involving the handling of cash and maintaining accounting records were not rotated daily.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Finding No. 2 - 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 who served during the examination period responded as follows:

With only three employees for three offices, it is difficult to segregate duties.

Auditor's Conclusion

It is imperative that duties in the office be segregated to reduce the risk of funds being lost or misappropriated. Although there may only be three employees for three offices, this would not inhibit duties to be segregated.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Finding No. 3 - Inadequate Internal Controls Over The Bank Accounts

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

- Bank reconciliations were not prepared.
- A running checkbook was not maintained.
- A check register was not maintained.
- There was no accountability over undisbursed funds
- An outstanding check list was not maintained.

Because of the deficiencies listed above, a reconciliation of the bank account could not be performed.

A good system of internal controls ensures that:

- A check register with a running balance is maintained and bank statements are reconciled to the book balance on a monthly basis and any discrepancies are immediately investigated and resolved.
- The ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the bank account of the office is essentially an escrow account on behalf of the Commonwealth, County, and other participating entities, all available funds on hand should equal unpaid obligations.
- Adequate procedures are established to follow-up on all outstanding checks. If a check is outstanding for over 90 days, efforts should be made to locate the payee. If efforts to locate the payee are unsuccessful, the amount of the check should be removed from the outstanding checklist, added back to the checkbook balance, and subsequently held in escrow for unclaimed escheatable funds.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Finding No. 3 - Inadequate Internal Controls Over The Bank Accounts (Continued)

Without a good system of internal controls over the bank accounts, the possibility of funds being lost or misappropriated increases significantly.

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

Recommendation

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

Management's Response

The County Officer who served during the examination period responded as follows:

Deposits and other transactions are examined daily online.

Auditor's Conclusion

Examining deposits and other transactions online daily does not represent a good system of internal controls over the bank account as outlined above.

Without a good system of internal controls over the bank accounts, including evidence of these controls, the possibility of funds being lost or misappropriated increases significantly.

We strongly recommend that the County Officer implement the recommendation noted above.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Finding No. 4 - Case Files Not Available For Examination – Inheritance Taxes

When inheritance taxes are filed at the office, the policy is to scan all papers into the computer system. Per the Register of Wills, she indicated that she did not always have time to scan documents and that she did not know where all the cases were as she did not have the resources to process all inheritance tax cases.

Of the 206 case files selected to test, the hard copy of all 206 case files were not available for examination. Although some of the cases were scanned into the computer system, the Register of Wills would not permit us to view the hard copies of any of these cases. We could only rely on the information in the computer for testing.

In order for an entity to have an efficient record-keeping system, each court document must be filed timely and properly. Good internal accounting controls ensure that all case files are maintained and filed by docket number. In addition, all documentation should be kept until audited by the Department of the Auditor General.

Without a good system of internal controls over case filing, the potential is increased that collections associated with missing case files and documents could be misappropriated.

This condition existed because the office failed to establish adequate internal controls over its case filing procedures.

Recommendation

We recommend that the office establish and implement procedures to ensure that all cases are properly filed as required by good internal accounting controls. In addition, all documentation should be made available for examination by the Department of the Auditor General.

Management's Response

The County Officer who served during the examination period responded as follows:

The cases are not missing. They are just not "Shelved."

Auditor's Conclusion

Because we were not given access to audit the case files and we gave the County Officer an opportunity to provide them to us and she could not, we consider the files missing and unavailable for examination.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Finding No. 5 - Certain Case Files Stored At Unsecured Public Area

During our examination, it was discovered that certain case files containing important legal documents are stored in file cabinets in an unsecured public area within the main hall of the courthouse. These file cabinets, though locked, can be opened with very little force and cannot be seen from any of the county offices.

It is the responsibility of the county and the County Officer to ensure that important court related documents are safeguarded.

Without this control, official records could be stolen, tampered with or destroyed. Safeguarding is essential since these records contain very important legal documents that may be required at subsequent court proceedings.

This finding was cited in our last two audit periods, the most recent ending December 31, 2006.

Recommendation

We again recommend that the County Officer and other responsible county officials take all necessary and reasonable steps to ensure that the County Officer's official files and documents are stored in a secured and still available for subsequent legal proceedings if needed.

Management's Response

The County Officer who served during the examination period responded as follows:

Finding Number [4] and this finding are really the same problem. There are no storage facilities for files. This is a problem that should be addressed by the county commissioners.

Auditor's Conclusion

It is imperative that this condition be resolved in order to maintain one of the basic functions of the county office.

RECORDER OF DEEDS/REGISTER OF WILLS/
 CLERK OF ORPHANS' COURT
 HUNTINGDON COUNTY
 FINDINGS AND RECOMMENDATIONS
 FOR THE PERIOD
 JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Finding No. 6 – Monthly Reports Not Submitted Timely To The Department Of Revenue -
 Inheritance Taxes And Realty Transfer Taxes

Our examination disclosed that the monthly reports, that identify collections for Inheritance Tax and Realty Transfer Tax which are deposited into the Department of Revenue's bank account, were not submitted timely to the Department of Revenue. The following schedule identifies the late reports:

<u>Monthly Report</u>	<u>Report(s) Due Date</u>	<u>Inheritance Tax Postmark Date</u>	<u>Realty Transfer Tax Postmark Date</u>
April 2007	05/10/07	05/23/07	05/23/07
September 2007	10/10/07	10/15/07	10/15/07
June 2008	07/10/08	07/14/08	07/14/08
September 2008	10/10/08	10/24/08	10/24/08
October 2008	11/10/08	11/13/08	11/13/08
November 2008	12/10/08	12/30/08	12/30/08
December 2008	01/12/09	01/21/09	01/21/09
January 2009	02/10/09	02/12/09	02/12/09
February 2009	03/10/09	03/20/09	03/20/09
March 2009	04/10/09	04/16/09	04/16/09
June 2009	07/10/09	07/14/09	07/14/09
July 2009	08/10/09	08/17/09	08/17/09
August 2009	09/10/09	09/28/09	09/30/09
September 2009	10/10/09	11/16/09	11/17/09
October 2009	11/10/09	11/16/09	11/17/09
December 2009	01/11/10	01/19/10	01/21/10
January 2010	02/10/10	03/08/10	03/08/10
March 2010	04/10/10	04/19/10	*
April 2010	05/10/10	09/20/10	*
May 2010	06/10/10	09/20/10	*
June 2010	07/12/10	09/20/10	*
July 2010	08/10/10	09/20/10	*
August 2010	09/10/10	09/20/10	*

* - These reports were submitted timely.

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 2010

Finding No. 6 – Monthly Reports Not Submitted Timely To The Department Of Revenue -
Inheritance Taxes And Realty Transfer Taxes (Continued)

In accordance with 72 P. S. § 901, reports to the Department of Revenue should be postmarked by the tenth day of the month following collection.

The above-noted condition resulted in the Department of Revenue not receiving a monthly report of collections in a timely manner.

This condition existed because the office failed to establish and implement an adequate system of internal controls over the reporting of Commonwealth collections.

Recommendation

We recommend that the county office submit reports to the Department of Revenue as required.

Management's Response

The County Officer who served during the examination period responded as follows:

This condition is acknowledged and the problem has been addressed.

Auditor's Conclusion

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

RECORDER OF DEEDS/REGISTER OF WILLS/
CLERK OF ORPHANS' COURT
HUNTINGDON COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2007 TO SEPTEMBER 30, 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 Virginia Cooper

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

The Honorable R. Dean Fluke

Chairman of the Board of Commissioners

The Honorable Robert M. McCord

Pennsylvania State Treasurer

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.