

# COMPLIANCE AUDIT

---

Recorder of Deeds/  
Register of Wills/  
Clerk of Orphans' Court  
Warren County, Pennsylvania  
For the Period  
January 1, 2018 to December 31, 2021

---

March 2023



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
Facebook: Pennsylvania Auditor General  
Twitter: @PAAuditorGen  
www.PaAuditor.gov**

**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Pat Browne  
Acting Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have conducted a compliance audit of the Recorder of Deeds/Register of Wills/Clerk of Orphans' Court, Warren County, Pennsylvania (County Officer), for the period January 1, 2018 to December 31, 2021, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d).

The objective of the audit was to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted and to provide a report to the Department of Revenue to allow the Department of Revenue to state and settle the County Officer's accounts. Our audit was limited to areas related to the objective identified above and was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

The County Officer is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted. The County Officer is also responsible for complying with those laws and regulations. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

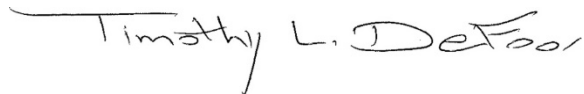
Based on our audit procedures, we conclude that, for the period January 1, 2018 to December 31, 2021, the County Officer, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted, except as noted in the finding listed below and discussed later in this report:

- Inadequate Accountability Over Funds Held In Escrow - Recurring.

This report includes summaries of the County Officer's receipts and disbursements of funds collected on behalf of the Commonwealth (summaries). We obtained data representing the County Officer's receipts and disbursements from the Pennsylvania Department of Revenue, which obtains data from each of the Commonwealth's recorder of deeds, register of wills, and clerk of orphans' court offices, and used the data to create the summaries in the format required by the Department of Revenue. We also evaluated the accuracy of the data as part of our audit to conclude on the County Officer's compliance with certain state laws and regulations as described in the previous paragraph. Any adjustments that we considered necessary based on our audit work are disclosed in the *Audit Adjustments* line of the summaries; however, the scope of our audit does not include the issuance of an opinion on the accuracy of the amounts reported in the summaries.

The purpose of this report is to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted. This report is not suitable for any other purposes.

The contents of this report were discussed with the management of the County Officer and, where appropriate, their response has been included in the report. We appreciate the courtesy extended by the Recorder of Deeds/Register of Wills/Clerk of Orphans' Court, Warren County, to us during the course of our audit. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor  
Auditor General  
February 14, 2023

# CONTENTS

	<u>Page</u>
Background.....	1
Summaries 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
Clerk Of Orphans' Court .....	8
Finding And Recommendations:	
Finding - Inadequate Accountability Over Funds Held In Escrow - Recurring.....	9
Summary Of Prior Audit Recommendations .....	10
Report Distribution .....	11

RECORDER OF DEEDS/REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
WARREN COUNTY  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2021

The Department of Auditor General is mandated by Article IV, Section 401(b) and (d) of *The Fiscal Code* (Act of April 9, 1929, P.L.343, No. 176), 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.

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 of \$.50 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 of \$40.25 imposed on all petitions for grant of letters, and first filings in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts.

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 filed with the Register of Wills.
- Judicial Computer System/Access To Justice Fees represent a \$40.25 fee imposed on all petitions for grant of letters, and first filings 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.

RECORDER OF DEEDS/REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
WARREN COUNTY  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2021

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:

- Marriage License Tax of \$.50 on all marriage licenses filed with the Clerk of Orphans' Court.
- Marriage License Application Surcharge of \$10 imposed on all marriage license applications.
- Marriage License Declaration Fees of \$13 imposed for the issuance of a marriage license or declaration of which the Commonwealth's portion \$10.
- Judicial Computer System/Access To Justice Fees represent a \$40.25 fee imposed on all petitions for grant of letters, and first filings in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts.

Total disbursements for the audit period are comprised as follows:

Recorder Of Deeds

Realty Transfer Taxes

Deposits into the Department of Revenue's cash management account	<u>\$ 3,630,648</u>
--	---------------------

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. This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue. The balance does not reflect adjustments disclosed by our audit.

Writ Taxes And Judicial Computer System/Access To Justice Fees

Recorder of Deeds checks issued to:

Department of Revenue	<u>\$ 674,967</u>
-----------------------	-------------------

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

RECORDER OF DEEDS/REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
WARREN COUNTY  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2021

Register Of Wills

Inheritance Taxes

Deposits into the Department of Revenue's cash management account	\$ 11,648,382
Credits issued by the Department of Revenue	<u>4,132</u>
Total	<u>\$ 11,652,514</u>

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. This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue. The balance does not reflect adjustments disclosed by our audit.

Clerk Of Orphans' Court

Clerk of Orphans' Court checks issued to:

Department of Revenue	<u>\$ 55,451</u>
-----------------------	------------------

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

Lori Bimber served as Recorder of Deeds/Register of Wills/Clerk of Orphans' Court during the period January 1, 2018 to December 31, 2020.

Stephanie Eastman served as Recorder of Deeds/Register of Wills/Clerk of Orphans' Court during the period January 1, 2021 to December 31, 2021.

The summaries 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 summaries 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.

RECORDER OF DEEDS/REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
WARREN COUNTY  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2021

Audit Adjustment - Recorder Of Deeds - Realty Transfer Taxes

The \$32,835 audit adjustment represents funds totaling \$32,821 that were erroneously deposited into the Deeds Realty Transfer Tax Account in June 2018 and transferred to the Inheritance Tax Account in September 2018. The remaining \$14 was an adjustment to correct an overpayment.

Audit Adjustment - Register Of Wills

The \$137 audit adjustment represents a prior audit balance due to the Register of Wills that was taken in December 2019.



RECORDER OF DEEDS  
 WARREN COUNTY  
 REALTY TRANSFER TAXES  
 SUMMARY OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2018 TO DECEMBER 31, 2021

Receipts:

Realty Transfer Taxes	\$	3,633,500
Commissions		<u>(36,327)</u>
Net Receipts		3,597,173
Disbursements to Commonwealth		<u>(3,630,648)</u>
Balance due Commonwealth (County) per settled reports		(33,475)
Audit adjustments		<u>32,835</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2018 to December 31, 2021	\$	<u><u>(640)</u></u>

RECORDER OF DEEDS  
 WARREN COUNTY  
 WRIT TAXES AND JUDICIAL COMPUTER SYSTEM/ACCESS TO JUSTICE FEES  
 SUMMARY OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2018 TO DECEMBER 31, 2021

Receipts:

Writ Taxes	\$	10,763
Judicial Computer System/Access To Justice Fees		<u>664,708</u>
Total Receipts		675,471
Commissions		<u>(323)</u>
Net Receipts		675,148
Disbursements to Commonwealth		<u>(674,967)</u>
Balance due Commonwealth (County) per settled reports		181
Audit adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2018 to December 31, 2021	\$	<u><u>181</u></u>

REGISTER OF WILLS  
WARREN COUNTY  
SUMMARY OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2021

Receipts:

Inheritance Taxes	\$ 11,652,651
Disbursements and credits to Commonwealth	<u>(11,652,514)</u>
Balance due Commonwealth (County) per settled reports	137
Audit adjustments	<u>(137)</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2018 to December 31, 2021	<u><u>\$ -</u></u>

CLERK OF ORPHANS' COURT  
 WARREN COUNTY  
 SUMMARY OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2018 TO DECEMBER 31, 2021

Receipts:

Marriage License Taxes	\$	438
Marriage License Application Surcharges		8,710
Marriage License Declaration Fees		8,710
Judicial Computer System/Access To Justice Fees		<u>37,593</u>
Total Receipts		55,451
Disbursements to Commonwealth		<u>(55,451)</u>
Balance due Commonwealth (County) per settled reports		-
Audit adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2018 to December 31, 2021	\$	<u><u>-</u></u>

RECORDER OF DEEDS/REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
WARREN COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2021

**Finding - Inadequate Accountability Over Funds Held In Escrow - Recurring**

We cited the office's lack of accountability over funds held in escrow in our prior five audits, with the most recent for the period January 1, 2014 to December 31, 2017. Our current audit found the office did not correct this issue.

The Recorder of Deeds/Register of Wills/Clerk of Orphans' Court deposits all collections, except for inheritance taxes, into one bank account (general account). Our audit disclosed that there was a continued lack of accountability over funds held in escrow in the general account. There was an adjusted bank balance of \$152,946 as of December 31, 2021, without a corresponding liabilities report indicating to whom the monies were due.

This condition existed because the office failed to establish and implement an adequate system of internal controls over funds held in escrow as recommended in the prior five audit reports.

Good internal accounting control procedures ensure that the ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the office bank account is essentially an escrow account on behalf of the Commonwealth, County, and other participating entities, all available funds on hand should equal unpaid obligations.

Without a good system of internal controls over funds held in escrow, the possibility of funds being lost or misappropriated increases significantly.

**Recommendations**

We strongly recommend that the office attempt to identify all existing liabilities associated with the office bank account and take appropriate action. Any unidentified funds should be accounted for under normal escheat procedures. Furthermore, we recommend that the office should ensure that reconciled cash equals unpaid obligations monthly.

**Management's Response**

No formal response was provided.

**Auditor's Conclusion**

This is a recurring finding for the last five audits. It is imperative that the office take all corrective actions necessary to comply with our recommendations. The risk of lost or misappropriated funds continues to exist as long as these deficiencies exist. During our next audit, we will determine if the office complied with our recommendations.

RECORDER OF DEEDS/REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
WARREN COUNTY  
SUMMARY OF PRIOR AUDIT RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2021

Summary Of Prior Audit Recommendations

During our prior audit, we recommended that the office:

- Attempt to identify all existing liabilities associated with the office bank account and take appropriate action. Any unidentified funds should be accounted for under normal escheat procedures. Furthermore, we recommended that the office should ensure that reconciled cash equals unpaid obligations monthly.

During our current audit, we noted that the office did not comply with our recommendations. Please see the current year finding for additional information.

RECORDER OF DEEDS/REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
WARREN COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2021

This report was initially distributed to:

**Pat Browne**  
Acting Secretary  
Pennsylvania Department of Revenue

**The Honorable H. Geoffrey Moulton, Jr.**  
Court Administrator of Pennsylvania  
Supreme Court of Pennsylvania Courts  
Administrative Office of Pennsylvania Courts

**The Honorable Lisa Burkhouse**  
Recorder of Deeds/Register of Wills/ Clerk of Orphans' Court

**The Honorable Benjamin Kafferlin**  
Chairperson of the Board of Commissioners

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: [news@PaAuditor.gov](mailto:news@PaAuditor.gov).