

# ATTESTATION ENGAGEMENT

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## Register of Wills/ Clerk of Orphans' Court McKean County, Pennsylvania For the Period January 1, 2016 to December 31, 2018

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September 2019



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

### Independent Auditor's Report

The Honorable C. Daniel Hassell  
Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statements of receipts and disbursements (Statements) of the Register of Wills/Clerk of Orphans' Court, McKean County, Pennsylvania (County Officer), for the period January 1, 2016 to December 31, 2018, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d). The County Office's management is responsible for presenting these statements in accordance with the criteria set forth in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Statements are presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the statements of receipts and disbursements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Statements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, for the period January 1, 2016 to December 31, 2018, are presented in accordance with the criteria set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Statements; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Statements. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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 internal control over reporting on the Statements or on compliance and other matters; accordingly, we express no such opinions.

Our consideration of internal control over reporting on the Statements was for the limited purpose of expressing an opinion on whether the Statements are presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control over reporting on the Statements that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency listed below to be a material weakness:

- Receipts Were Not Always Deposited On The Same Day As Collected - Recurring.

As part of obtaining reasonable assurance about whether the Statements are free from material misstatement, we performed tests of the County Office's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Independent Auditor's Report (Continued)

The examination finding contained in this report cites conditions that existed in the operation of the County Office during the previous engagement period and were not corrected during the current examination period. The County Office should strive to take corrective action to implement the recommendation noted in this report.

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.

We appreciate the courtesy extended by the Register of Wills/Clerk of Orphans' Court, McKean County, to us during the course of our examination. If you have any questions, please feel free to contact Michael B. Kashishian, CPA, CGAP, CFE, Director, Bureau of County Audits, at 717-787-1363.

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale", with a long horizontal flourish extending to the right.

Eugene A. DePasquale  
Auditor General

August 23, 2019

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REGISTER OF WILLS  
MCKEAN COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

Receipts:

Inheritance Taxes (Note 2)	\$ 5,528,854
Disbursements and credits to Commonwealth (Note 4)	<u>(5,528,854)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2016 to December 31, 2018	<u><u>-</u></u>

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

CLERK OF ORPHANS' COURT  
MCKEAN COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

Receipts:

Marriage License Taxes	\$ 318
Marriage License Application Surcharges	6,350
Marriage License Declaration Fees	6,350
Judicial Computer System/Access To Justice Fees	<u>23,425</u>
Total Receipts (Note 2)	36,443
Disbursements to Commonwealth (Note 4)	<u>(36,443)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2016 to December 31, 2018	<u><u>\$ -</u></u>

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

REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
MCKEAN COUNTY  
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

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

Register Of Wills

Receipts consist of monies collected on behalf of the Commonwealth. 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 \$35.50 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. Effective October 30, 2017, Acts 40 and 44 increased the fee to \$40.25.
- 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.



REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
MCKEAN COUNTY  
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

2. Receipts (Continued)

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.
- 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 \$35.50 fee imposed on all petitions for grant of letters, and first filings in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts. Effective October 30, 2017, Acts 40 and 44 increased the fee to \$40.25.

3. Commissions

Acting in the capacity of an agent for the Commonwealth, the county office is paid a commission for collection of Inheritance Taxes. Effective January 1, 1988, the commission rate is 4.25 percent of \$1.00 to \$200,000.00 collected; 1.75 percent of \$200,000.01 to \$1,000,000.00 collected; and .5 percent of all collections in excess of \$1,000,000.00. During the period under review, the County was paid \$80,144 by the Department of Revenue which is not reflected in the statement of receipts and disbursements.

REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
MCKEAN COUNTY  
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

4. Disbursements

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	\$ 5,528,797
Credits issued by the Department of Revenue	<u>57</u>
Total	<u><u>\$ 5,528,854</u></u>

Clerk Of Orphans' Court

Total disbursements are comprised as follows:

Clerk of Orphans' Court checks issued to:

Department of Revenue	<u><u>\$ 36,443</u></u>
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5. Balance Due Commonwealth (County) For The Period January 1, 2016 To December 31, 2018

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

6. County Officer Serving During Examination Period

Wendy A. Yaros served as Register of Wills/Clerk of Orphans' Court during the period January 1, 2016 to December 31, 2018.

REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
MCKEAN COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

**Finding - Receipts Were Not Always Deposited On The Same Day As Collected - Recurring**

We cited the office's failure to deposit funds on the same day as collected in the prior six examinations, with the most recent for the period January 1, 2015 to December 31, 2015. Our current examination found that the office did not correct this issue.

Our testing of 44 days of Register of Wills receipts identified 10 that were not deposited on the same day as collected. The time lapse from the date of receipt to the subsequent date of deposit ranged from 2 days to 11 days.

Our testing of 23 days of Clerk of Orphans' Court receipts identified 18 that were not deposited on the same day as collected. The time lapse from the date of receipt to the subsequent date of deposit ranged from 2 days to 11 days.

This condition existed because the office failed to establish and implement an adequate system of internal controls over receipts as recommended in our prior five examination reports.

Good internal accounting controls require that all monies collected be deposited at the bank on the same day as collected.

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

**Recommendation**

We strongly recommend that the county office deposit all receipts at the end of each day as required by good internal accounting controls.

**Management's Response**

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

We are making adjustments to correct the problem.

**Auditor's Conclusion**

This is a recurring finding. It is imperative that the office take all steps necessary to comply with our recommendation. The risk of lost or misappropriated funds continues to exist as long as this deficiency exists. During our next examination, we will determine if the office complied with our recommendation.

REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
MCKEAN COUNTY  
SUMMARY OF PRIOR EXAMINATION RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

Summary Of Prior Examination Recommendation

During our prior examination, we recommended that the office:

- Deposit all receipts at the end of each day as required by good internal accounting controls.

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

REGISTER OF WILLS/  
CLERK OF ORPHANS' COURT  
MCKEAN COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

This report was initially distributed to:

**The Honorable C. Daniel Hassell**  
Secretary  
Pennsylvania Department of Revenue

**The Honorable Thomas B. Darr**  
Court Administrator of Pennsylvania  
Supreme Court of Pennsylvania  
Administrative Office of Pennsylvania Courts

**The Honorable Wendy A. Yaros**  
Register of Wills/Clerk of Orphans' Court

**The Honorable Jody Bloomquist**  
Controller

**The Honorable Cliff Lane**  
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).