

COMPLIANCE AUDIT

Clerk of the Court of Common
Pleas/Probation Department/
Prothonotary/Recorder of
Deeds/Register of Wills/Clerk of
Orphans' Court
Sullivan County, Pennsylvania
For the Period
January 1, 2019 to December 31, 2022

May 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania
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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable Pat Browne
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have conducted a compliance audit of the Clerk of Courts/Prothonotary/Clerk of Orphans' Court/Recorder of Deeds/Register of Wills, and the Director of Probation Services, Sullivan County, Pennsylvania (County Officers), for the period January 1, 2019 to December 31, 2022, pursuant to the requirements of Section 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 Officers' 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 Officers are 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 Officers are 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.

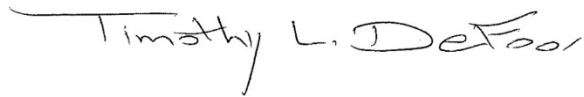
Based on our audit procedures, we conclude that, for the period January 1 2019 to December 31 2022, the County Officers, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted, except as noted in the findings listed below and discussed later in this report:

- Inadequate Internal Controls Over the Bank Account - Clerk of Court.
- Inadequate Accountability Over Funds Held in Escrow - Prothonotary/Recorder of Deeds/Register of Wills/Orphans' Court.

This report includes a summary of the County Officers' receipts and disbursements of funds collected on behalf of the Commonwealth (summaries). We obtained data representing the County Officers' receipts and disbursements from the Pennsylvania Department of Revenue, which obtains data from each of the Commonwealth's Court of Common Pleas clerk of court offices, prothonotaries, clerk of orphans' courts, register of wills, and recorder of deeds offices, and used the data to create the summaries in the format required by the Department of Revenue. We also obtain data relating to prothonotaries from the Administrative Office of Pennsylvania Courts. We also evaluated the accuracy of the data as part of our audit to conclude on the County Officers' 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 summary; 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 County Officers' management. We appreciate the courtesy extended to us by the Sullivan County Clerk of Courts/Prothonotary/Clerk of Orphans' Court/Recorder of Deeds/Register of Wills, and the Director of Probation Services 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 from the start of the name.

Timothy L. DeFoor
Auditor General
March 4, 2024

CONTENTS

	<u>Page</u>
Background.....	1
Summaries Of Receipts And Disbursements:	
Clerk Of The Court Of Common Pleas/Probation Department.....	6
Prothonotary	7
Clerk of Orphans' Court.....	8
Recorder Of Deeds	
Realty Transfer Taxes	9
Writ Taxes And Judicial Computer System/Access To Justice Fees.....	10
Register Of Wills.....	11
Findings And Recommendations:	
Finding No. 1 - Inadequate Internal Controls Over The Bank Account - Clerk of Court.....	12
Finding No. 2 - Inadequate Accountability Over Funds Held In Escrow-	
Prothonotary/Recorder of Deeds/Register of Wills/Orphans Court	13
Report Distribution	14

CLERK OF COURT COMMON PLEAS/PROBATION DEPARTMENT/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
RECORDER OF DEEDS/REGISTER OF WILLS
SULLIVAN COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

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.

Clerk of Court of Common Pleas/Probation Department receipts are comprised of fines, costs, fees, and surcharges collected on behalf of the Commonwealth. These fines, costs, fees, and surcharges represent collections made on summary and criminal cases paid to the Clerk of Court.

Prothonotary receipts are comprised of taxes, surcharges, and fees collected on behalf of the Department of Revenue and the Administrative Office of Pennsylvania Courts. These include monies collected for the following taxes, surcharges, and fees:

- Writ Taxes of \$.50 or \$.25 imposed on taxable instruments filed with the Prothonotary.
- Divorce Complaint Surcharges of \$10 imposed on all divorce decrees.
- 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.
- Protection From Abuse Surcharges of \$100 imposed against defendants when a protection order is granted as a result of a hearing. Protection From Abuse Contempt Fines of not less than \$300 nor more than \$1,000 imposed against a defendant who is found to be in violation of a protection from abuse order.
- Criminal Charge Information System Fees imposed on all custody cases. Of the fee imposed, 80% is payable to the Administrative Office of Pennsylvania Courts (AOPC) and 20% is payable to the County in which the action took place. The statement of receipts and disbursements only reflects the portion collected on behalf of the AOPC.

CLERK OF COURT COMMON PLEAS/PROBATION DEPARTMENT/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
RECORDER OF DEEDS/REGISTER OF WILLS
SULLIVAN COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

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.
- The Marriage License Declaration Fees of \$13 imposed for the issuance of a marriage license or declaration of which the Commonwealth's portion is \$10.
- 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.

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 \$40.25 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.
- 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.

CLERK OF COURT COMMON PLEAS/PROBATION DEPARTMENT/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
RECORDER OF DEEDS/REGISTER OF WILLS
SULLIVAN COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Total disbursements during the audit period are comprised as follows:

Clerk Of The Court Of Common Pleas/Probation Department

Clerk of the Court checks issued to:

Department of Revenue	\$ 131,985
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This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue.

Prothonotary

Prothonotary checks issued to:

Department of Revenue	\$ 11,985
Adminstrative Office of Pennsylvania Courts	<u>299</u>
Total	<u>\$ 12,284</u>

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects a summary of receipts disbursed directly to the Administrative Office of Pennsylvania Courts.

Clerk Of Orphans' Court

Clerk of Orphans' Court checks issued to:

Department of Revenue	\$ 29,936
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This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue.

CLERK OF COURT COMMON PLEAS/PROBATION DEPARTMENT/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
RECORDER OF DEEDS/REGISTER OF WILLS
SULLIVAN COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Recorder Of Deeds

Realty Transfer Taxes

RTT Deposits into the Department of Revenue's
cash management account \$ 1,645,097

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.

Writ Taxes And Judicial Computer System/Access To Justice Fees

Recorder of Deeds checks issued to:

Department of Revenue \$ 214,639

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

Register Of Wills

Inheritance Taxes

Inheritance Tax Deposits into the Department of
Revenue's cash management account \$ 3,846,710

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.

CLERK OF COURT COMMON PLEAS/PROBATION DEPARTMENT/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
RECORDER OF DEEDS/REGISTER OF WILLS
SULLIVAN COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Kellie Carpenter served as the Clerk of the Court of Common Pleas/Prothonotary/Clerk of Orphans' Court/Recorder of Deeds/Register of Wills for the period January 1, 2019 to December 31, 2022.

Krystle Kowalczyk served as the Director of Probation Services for the period January 1, 2019 to December 31, 2022.

The Summaries of Receipts and Disbursements provides a breakdown of receipts and disbursements by category. The categories and the amounts of fines, costs, fees, taxes, and surcharges assessed are based on Pennsylvania laws and regulations.

The summary was 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.

CLERK OF COURT COMMON PLEAS AND ADULT PROBATION DEPARTMENT
SULLIVAN COUNTY
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Receipts:

Department of Transportation		
Title 75 Fines	\$	24,953
Department of Revenue Court Costs		4,130
Crime Victims' Compensation Costs		6,881
Crime Commission Costs/Victim Witness Services Costs		4,666
Domestic Violence Costs		926
Emergency Medical Services Fines		603
DUI - ARD/EMS Fees		1,100
CAT/MCARE Fund Surcharges		832
Judicial Computer System/Access to Justice Fees		7,933
Offender Supervision Fees		36,043
Probation and Parole Officers' Firearm Education Costs		794
Substance Abuse Education Costs		7,411
Office of Victims' Services Costs		9,603
Miscellaneous State Fines and Costs		<u>26,110</u>
 Total receipts		 131,985
 Disbursements to Commonwealth		 <u>(131,985)</u>
 Balance due Commonwealth (County) per settled reports		 -
 Audit adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2019 to December 31, 2022	 \$	 <u><u>-</u></u>

PROTHONOTARY
SULLIVAN COUNTY
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Receipts:

Writ Taxes	\$	194
Divorce Complaint Surcharges		520
Judicial Computer System/Access To Justice Fees		11,277
Criminal Charge Information System Fees		<u>299</u>
Total Receipts		12,290
Commissions		<u>(6)</u>
Net Receipts		12,284
Disbursements to Commonwealth		<u>(12,284)</u>
Balance due Commonwealth (County) per settled reports		-
Audit adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2019 to December 31, 2022	\$	<u><u>-</u></u>

CLERK OF ORPHANS' COURT
SULLIVAN COUNTY
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Receipts:

Marriage License Taxes	\$	282
Marriage License Application Surcharges		5,630
Marriage License Declaration Fees		5,630
Judicial Computer System/Access To Justice Fees		<u>18,394</u>
Total Receipts		29,936
Disbursements to Commonwealth		<u>(29,936)</u>
Balance due Commonwealth (County) per settled reports		-
Audit adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2019 to December 31, 2022	\$	<u><u>-</u></u>

RECORDER OF DEEDS
 SULLIVAN COUNTY
 REALTY TRANSFER TAXES
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2019 TO DECEMBER 31, 2022

Receipts:

Realty Transfer Taxes	\$	1,661,714
Commissions		<u>(16,617)</u>
Net Receipts		1,645,097
Disbursements to Commonwealth		<u>(1,645,097)</u>
Balance due Commonwealth (County) per settled reports		-
Audit adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2019 to December 31, 2022	\$	<u><u>-</u></u>

RECORDER OF DEEDS
SULLIVAN COUNTY
WRIT TAXES AND JUDICIAL COMPUTER SYSTEM/ACCESS TO JUSTICE FEES
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Receipts:

Writ Taxes	\$ 3,595
Judicial Computer System/Access To Justice Fees	<u>211,152</u>
Total Receipts	214,747
Commissions	<u>(108)</u>
Net Receipts	214,639
Disbursements to Commonwealth	<u>(214,639)</u>
Balance due Commonwealth (County) per settled reports	-
Audit adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2019 to December 31, 2022	<u><u>\$ -</u></u>

REGISTER OF WILLS
SULLIVAN COUNTY
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Receipts:

Inheritance Taxes	\$ 3,846,710
Disbursements and credits to Commonwealth	<u>(3,846,710)</u>
Balance due Commonwealth (County) per settled reports	-
Audit adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2019 to December 31, 2022	<u><u>\$ -</u></u>

CLERK OF COURT/PROBATION DEPARTMENT/PROTHONOTARY/
ORPHANS' COURT/RECORDER OF DEEDS/ REGISTER OF WILLS
SULLIVAN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding No. 1 - Inadequate Internal Controls Over The Bank Account - Clerk of Court

Our audit of the clerk of court checking account disclosed that the office was carrying 30 outstanding checks totaling \$2,336, dated from August 14, 2008, to January 7, 2022, that were still outstanding as of December 31, 2022.

A good system of internal controls ensures that adequate procedures are established to follow-up on all outstanding checks. If a check is outstanding for over 120 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 check list, added back to the checkbook balance, and subsequently held in escrow for unclaimed escheatable funds.

We were unable to determine a cause for this condition. Without a good system of internal controls over the bank account, the possibility of funds being lost or misappropriated increases significantly.

Recommendations

We recommend that the office establish and implement an adequate system of internal controls over the bank account as noted above. The office should investigate any outstanding checks over 120 days and escheat as required. In addition, the office should 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

The County Officer responded as follows:

I will work on resolving these issues in a timely manner.

Auditor's Conclusion

We appreciate the officeholder's effort to correct this issue. During our next audit, we will determine if the office complied with our recommendations.

CLERK OF COURT/PROBATION DEPARTMENT/PROTHONOTARY/
ORPHANS' COURT/RECORDER OF DEEDS/ REGISTER OF WILLS
SULLIVAN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

**Finding No. 2 - Inadequate Accountability Over Funds Held In Escrow -
Prothonotary/Recorder of Deeds/Register of Wills/Orphans' Court**

Our audit disclosed that there was inadequate accountability over funds held in escrow. On December 31, 2022, funds on hand exceeded recorded obligations in the checking account by \$2,302.

Good internal accounting control procedures ensure that the ending adjusted bank balance is reconciled with liabilities monthly 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.

We were unable to determine a cause for this condition. Without a good system of internal controls over funds held in escrow, the possibility of funds being lost or misappropriated increases significantly.

Recommendations

We 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

The County Officer responded as follows:

I will work on resolving these issues in a timely manner.

Auditor's Conclusion

We appreciate the officeholder's effort to correct this issue. During our next audit, we will determine if the office complied with our recommendations.

CLERK OF COURT/PROBATION DEPARTMENT/PROTHONOTARY/
ORPHANS' COURT/RECORDER OF DEEDS/ REGISTER OF WILLS
SULLIVAN COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

This report was initially distributed to:

The Honorable Pat Browne
Secretary
Pennsylvania Department of Revenue

The Honorable Andrea Tuominen
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

Mr. Thomas J. Dougherty
Director
Division of Grants and Standards
Pennsylvania Board of Probation and Parole

The Honorable Kellie Carpenter
Clerk of the Court of Common Pleas

The Honorable Russel Shurtleff
President Judge

Ms. Krystle Kowalczyk
Director of Probation Services

The Honorable Brian Hoffman
Chairperson of the Board of Commissioners

This report is a matter of public record and is available online at 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.