



COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
17 SOUTH SEVENTH STREET
ALLENTOWN, PA 18101-2400
(610) 782-3082 FAX: (610) 820-3335

TO: Final Report Distribution
FROM: Thomas Slonaker, County Controller
DATE: September 9, 2008
RE: Audit of Register of Wills

A handwritten signature in black ink, appearing to be "T. Slonaker", is written over the "FROM:" line of the memo.

We have completed a financial audit of the register of wills office for the year ended December 31, 2007. Our audit report number 08-65 is attached.

The results of our audit are:

- The County of Lehigh received the proper amounts due from register of wills.
- Uncollected county revenue from 2004 to 2007 amounted to \$3,526.
- Other procedural issues were discussed with register of wills' management.

Attachment

AUDITS/REGISTER OF WILLS

COUNTY OF LEHIGH, PENNSYLVANIA

REGISTER OF WILLS

*Financial Audit for the Year Ended
December 31, 2007*

REPORT NO. 08-65

COUNTY OF LEHIGH, PENNSYLVANIA
REGISTER OF WILLS

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COUNTY OF LEHIGH, PENNSYLVANIA
REGISTER OF WILLS

Background

Register of Wills Operations

The office of the Register of Wills probates wills and collects taxes for the Commonwealth of Pennsylvania. It assists the public, title searchers, attorneys, and genealogists in the research of information from the probate files. Records date back to 1812. 2007 initiatives include: continuing to serve the public and attorneys as efficiently and economically as possible, to maintain inheritance payment records as efficiently as possible, and assist the public and attorneys in filing documents and probates.

The current "Schedule of Filing Fees" has 13 different fees for filing "Letters Testamentary/ Administration". These fees range from \$25 to \$700 based on the estimated estate value. In addition, there are other fees that are charged to most new estates. These fees include: filing an inventory, short certificate, filing the inheritance tax return, and the Commonwealth of Pennsylvania's Judicial Computer Project Fee.

When a new estate is probated, the attorney of record or a family member comes into the Register of Wills office to probate the estate. At this time, a fee is charged for this service. Some fees are on a sliding scale and some fees are fixed amounts. After the fees are paid, the estate is probated. The inheritance tax return is sent to the Commonwealth of Pennsylvania. The Commonwealth of Pennsylvania reviews the inheritance tax return for errors and omissions and the inheritance tax is calculated. The Commonwealth of Pennsylvania sends a "Notice of Inheritance Tax Appraisal, Allowance or Disallowance of Deductions and Assessment of Tax" to all parties. After the "Notice of Inheritance Tax Appraisal, Allowance or Disallowance of Deductions and Assessment of Tax" has been received, the register of will's staff reviews all county fees charged. If the county fees initially charged are less than what they should be, the attorney or family member is billed the difference.

In the November 2006 general election, a referendum to amend the Lehigh County Home Rule Charter to abolish the elected offices of the clerk of courts, recorder of deeds, and the register of wills and consolidate the functions of those offices into one elected office known as the clerk of judicial records effective the first Monday in January of 2008 was approved by the voters of Lehigh County. The elected register of wills for 2007 was Sandra L. Schantz and the elected clerk of judicial records for 2008 is Andrea E. Naugle.



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Andrea E. Naugle, Clerk of Judicial Records
Lehigh County Courthouse
455 W. Hamilton Street
Allentown, PA 18101-1614

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balance of the register of wills for the year ended December 31, 2007 as listed in the Table of Contents. The financial statements are the responsibility of the register of wills' management. Our responsibility is to express an opinion on the Statement of Receipts, Disbursements, and Changes in Cash Balance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also, as discussed in Note 1, the financial statements present only the register of wills financial activity and does not purport to, and does not, present fairly the assets, liabilities, and results of operations of the County of Lehigh for the year ended December 31, 2007 in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, the Statement of Receipts, Disbursements, and Changes in Cash Balance referred to above presents fairly, in all material respects, the financial activity arising from cash transactions of the register of wills for the year ended December 31, 2007, on the basis of accounting described in Note 1. However, we noted non-material issues that are described in the accompanying "*Schedule of Audit Findings and Recommendations*" and "*Schedule of Prior Audit Findings and Recommendations*".

In accordance with *Government Auditing Standards*, we have also issued a report dated September 4, 2008 our consideration of register of wills' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



THOMAS SLONAKER
County Controller

September 4, 2008
Allentown, Pennsylvania

Final Distribution

Board of Commissioners
Donald T. Cunningham, Jr., County Executive
Brian L. Kahler, Fiscal Officer
The Honorable William H. Platt, President Judge
Sandra L. Schantz, former Register of Wills

COUNTY OF LEHIGH, PENNSYLVANIA
REGISTER OF WILLS

*Statement of Receipts, Disbursements, and Changes in Cash Balance
for the Year Ended December 31, 2007*
(NOTE 1)

RECEIPTS:	
Inheritance Tax	\$ 19,931,863
Office Fees	198,782
Inheritance Tax Commissions	115,604
Judicial Computer Project Fees	12,510
Overpayments	<u>783</u>
TOTAL RECEIPTS	<u>20,259,542</u>
DISBURSEMENTS:	
Commonwealth of PA (NOTE 2)	19,944,573
County of Lehigh (NOTE 3)	314,386
Refund of Overpayments	<u>783</u>
TOTAL DISBURSEMENTS	<u>20,259,742</u>
EXCESS OF RECEIPTS OVER/(UNDER) DISBURSEMENTS	(200)
CASH BALANCE, JANUARY 1, 2007	<u>1,030</u>
CASH BALANCE, DECEMBER 31, 2007	<u><u>\$ 830</u></u>

The accompanying notes are an integral part of this statement.

COUNTY OF LEHIGH, PENNSYLVANIA
REGISTER OF WILLS

Notes to Financial Statements for the Year Ended December 31, 2007

1. Summary of Significant Accounting Policies

A. Reporting Entity

The register of wills financial activity is a part of the County of Lehigh's reporting entity, included in the general fund and is subject to annual financial audit by external auditors. This report is only for internal audit purposes.

B. Basis of Accounting

The accounting records of the County of Lehigh and the Statement of Receipts, Disbursements, and Changes in Cash Balance are maintained on the cash receipts and disbursements basis of accounting. Under this basis of accounting, revenue is recognized when cash is received and expenditures are recognized when paid. This differs from Generally Accepted Accounting Principles (GAAP) which require the accrual basis of accounting.

2. Commonwealth of Pennsylvania

Expenditures to the Commonwealth of Pennsylvania are broken down into the following categories:

Inheritance Tax	\$19,931,863
Judicial Computer Project Fees	12,710

TOTAL	\$19,944,573
	=====

3. County of Lehigh

Expenditures to the County of Lehigh are broken down into the following categories:

Office Fees	\$ 198,782
Inheritance Tax Commissions	115,604

TOTAL	\$ 314,386
	=====



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Andrea E. Naugle, Clerk of Judicial Records
Lehigh County Courthouse
455 W. Hamilton Street
Allentown, PA 18101-1614

We have audited the financial statements of register of wills for the year ended December 31, 2007 and have issued our report thereon dated September 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In planning and performing our audit, we considered register of will's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement of Receipts, Disbursements, and Changes in Cash Balance, but not for the purpose of expressing an opinion on the effectiveness of the register of wills' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the register of wills' internal control over financial reporting.

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 register of wills' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the register of wills' financial statements that is more than inconsequential will not be prevented or detected by the register of wills' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the register of wills' internal control.

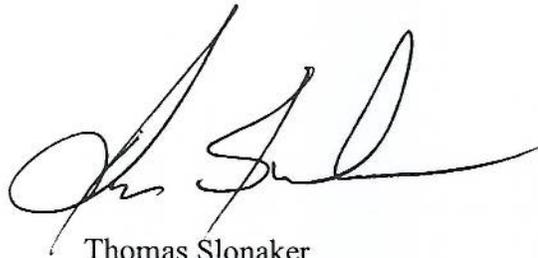
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

As part of obtaining reasonable assurance about whether register of wills' financial statements are free of material misstatement, we performed tests of its 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, 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*.

We noted certain matters that we reported to management of register of wills in a separate section titled "*Schedule of Audit Findings and Recommendations*" and "*Schedule of Prior Audit Findings and Recommendations*".

Register of wills' response to the findings identified in our audit are included in this report. We did not audit register of wills' response and, accordingly, we do not express an opinion on it.

This report is intended solely for the information and use of management, and other affected county offices and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read 'T. Slonaker', written in a cursive style.

Thomas Slonaker
County Controller

September 4, 2008
Allentown, Pennsylvania

COUNTY OF LEHIGH, PENNSYLVANIA
REGISTER OF WILLS

Schedule of Audit Findings & Recommendations

1. Uncollected County Revenue (\$3,526)

Condition: As of July 8, 2008, there were 88 bills from 2004 to 2007 amounting to \$3,526 in uncollected county revenue. These bills (manually prepared by the office staff) represent additional county fees due because of a change in the estimated estate value versus the actual estate value. Twenty-seven of the 88 bills (31%) are for \$5 or less. Outstanding bills are not listed on the county's financial statements. Management does not have the list of outstanding bills computerized. The bills are kept in a metal box, in alphabetical order.

Recommendation: We recommend management establish a threshold for pursuing the collection of unpaid bills. The threshold should consider the cost of collecting unpaid bills. Unpaid bills over the established threshold for collection should be sent a reminder notice. After the reminder notice has been sent, all remaining unpaid invoices should be forwarded to the county Department of Law. All unpaid bills deemed to be uncollectible should be held for audit by the controller.

COUNTY OF LEHIGH, PENNSYLVANIA
REGISTER OF WILLS

Schedule of Prior Audit Findings and Recommendations

1. Update Fee Schedule/Additional Billings

Condition: The current county fee schedule is based on a multi-tiered fee with 13 different ranges of estate values. The dollar values between the estate ranges are very narrow. These narrow ranges create the need for the staff to send an additional bill to most estates after the final estate value has been determined. The initial county fee is based on the estimated estate value.

The office staff uses a manual billing system to assess additional county fees to estates that have already paid their initial recording fees. The initial county fee is based on the estimated estate value and the additional bill is based on the final estate value. The manual bills are not recorded in "Odyssey", the offices' computer system.

This condition was noted in our previous audit reports.

Recommendation: The county fee schedule should be updated with wider ranges between the estate values. The office management should consider the creation of a comprehensive fee that would cover all fees that are charged when a will that is recorded and use "Odyssey" to create the bills for the additional county fees.

Current Status: The fee schedule dated June 1, 2004 is still being used to calculate office fees and the additional bills are not computer generated and are not on their computer system's accounts receivable data base.

Lehigh County Clerk of Judicial Records

Andrea E. Naugle

Lehigh County Courthouse
455 W. Hamilton Street, Room 132
Allentown, PA 18101-2614



Civil Division
Criminal Division
Recorder of Deeds Division
Register of Wills Division

September 4, 2008

Mr. Thomas Slonaker
Lehigh County Controller
Lehigh County Government Center
17 S. Seventh Street
Allentown PA 18101-2400

RE: Register of Wills' Audit – 2007

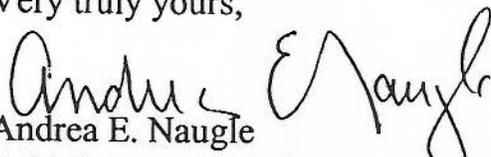
Dear Mr. Slonaker:

I reviewed your audit of the Lehigh County Register of Wills Office for the year 2007. As you already know, I was not the Register of Wills during that time period since I did not take office as the Lehigh County Clerk of Judicial Records until January, 2008.

Please be advised, however, that I have already addressed or are in the process of working on resolving the issues raised in your audit report.

Thank you for your comments. I look forward to working with you.

Very truly yours,


Andrea E. Naugle
Lehigh County Clerk of Judicial Records