

**Beaver County Office of the
Register of Wills and
Clerk of Orphans' Court**

**Audit Report for the Period
January 1, 2004 through December 31, 2005**

Table of Contents

Audit Letter	2
Audit Scope and Objectives	3
Statements of Revenues and Expenses	4
Notes to Financial Statements	8
Report on Internal Control Structure	9
Observations and Recommendations	12
Exit Conference and Follow-up Reporting	14
Audit Response	15

RICHARD W. TOWCIMAK
CONTROLLER



VINCENT LaVALLE
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BEAVER COUNTY COURTHOUSE
THIRD STREET – BEAVER, PENNSYLVANIA 15009-2196
TELEPHONE: Area Code 724-728-5700

April 2, 2007

Ms. Carol Ruckert Fiorucci
Office of the Register of Wills
and Clerk of Orphans' Court
Beaver County Courthouse
Beaver, PA 15009

Dear Ms. Fiorucci:

We have audited the financial records of the Beaver County Office of the Register of Wills and Clerk of Orphans' Court for the period January 1, 2004 through December 31, 2005. Based upon the audit we have issued our report thereon dated April 2, 2007, the last day of fieldwork.

We conducted our audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial records are free of material misstatement.

Based upon our review of the Register of Wills and Clerk of Orphans' Court records, we have made observations and recommendations as detailed in this report.

Richard W. Towcimak
Beaver County Controller

Beaver County Register of Wills
And Clerk of Orphans Court
Audit Report

SCOPE:

The scope of this audit encompassed the period from January 1, 2004 to December 31, 2005.

OBJECTIVES:

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Prepare a financial statement for each year reviewed
- Evaluate controls over the office checking accounts and change fund
- Ensure that funds are deposited timely
- Ensure that funds received are disbursed to the proper payees
- Ensure that funds held in escrow are adequate
- Ensure that funds receipted are applied to the proper case
- Ensure that costs are properly applied
- Ensure that funds due to the Commonwealth are remitted correctly and in a timely manner
- Ensure that void receipts are voided for a valid reason
- Ensure that proper documentation is maintained in the case files
- Evaluate the controls over cash
- Evaluate the controls over purchasing and the administration of the budget
- Evaluate controls over general office procedures

Register of Wills / Clerk of Orphans' Court
Statement of Cash Receipts and Disbursements
For the year ended December 31, 2004

Beginning Cash Balance (1/1/04):

General Bank Account	\$ 15,130.00	
Inheritance Tax Funds on Hand	45,676.47	
		\$ 60,806.47

Receipts:

Inheritance Tax Collections		\$ 7,350,777.16
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Register of Wills

Fees collected for Beaver County	\$158,814.01	
County Automation Fees	3,945.00	
Inheritance Tax Commission	55,328.13	
Fees collected for the Commonwealth	<u>7,890.00</u>	
		\$ 225,977.14

Clerk of Orphans' Court

Fees collected for Beaver County	\$ 53,506.24	
County Automation Fees	6,110.00	
Fees collected for the Commonwealth	<u>23,276.50</u>	
		\$ <u>82,892.74</u>

Total Receipts

\$ 7,659,647.04

Disbursements:

PA Department of Revenue

Inheritance Tax	\$(7,353,121.76)	
Fees	<u>(31,035.50)</u>	
		\$(7,384,157.26)

Beaver County Treasurer

Fees collected for Beaver County	\$(204,597.00)	
County Automation Fees	(10,000.00)	
Inheritance Tax Commissions	<u>(55,328.13)</u>	
		\$ (269,925.13)

Total Disbursements

\$(7,654,082.39)

Adjustments:

November Check Printing Charge		\$ (22.75)
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Ending Cash Balance (12/31/04):

General Bank Account	\$ 23,016.50	
Inheritance Tax Funds on Hand	<u>43,331.87</u>	
		\$ <u>66,348.37</u>

**Register of Wills / Clerk of Orphans' Court
Statement of Cash Receipts and Disbursements
For the year ended December 31, 2004**

Beginning Cash Balance (1/1/04):

Automation Account		
Sky Bank Account Number 4601773628	\$ 9,821.84	
		\$ 9,821.84

Receipts:

Register of Wills	\$ 3,945.00	
Clerk of Orphans Court	\$ 6,110.00	
		\$ 10,055.00

Disbursements:

Register of Wills	\$(9,600.00)	
Clerk of Orphans Court		
		\$(9,600.00)

Adjustments:

Interest	\$ 11.78	
Transfer to General Fund (for retirement payment)		\$ (9,671.59)
		\$(9,659.81)

Ending Cash Balance (12/31/04):		\$ <u>617.03</u>
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Register of Wills / Clerk of Orphans' Court
Statement of Cash Receipts and Disbursements
For the year ended December 31, 2005

Beginning Cash Balance (1/1/05):

General Bank Account	\$ 23,016.50	
Inheritance Tax Funds on Hand	43,331.87	
		\$ 66,348.37

Receipts:

Inheritance Tax Collections	\$ 7,837,703.32	
Register of Wills		
Fees collected for Beaver County	\$ 163,056.25	
County Automation Fees	4,080.00	
Inheritance Tax Commission	56,878.27	
Fees collected for the Commonwealth	8,130.00	
		\$ 232,144.52
Clerk of Orphans' Court		
Fees collected for Beaver County	\$ 51,832.92	
County Automation Fees	5,875.00	
Fees collected for the Commonwealth	22,869.50	
		\$ 80,577.42
Total Receipts		\$ 8,150,425.26

Disbursements:

PA Department of Revenue		
Inheritance Tax	\$(7,803,716.37)	
Fees	(45,861.50)	
		\$(7,849,577.87)
Beaver County Treasurer		
Fees collected for Beaver County	\$(201,046.21)	
County Automation Fees	(8,995.00)	
Inheritance Tax Commissions	<u>(56,634.53)</u>	
		\$ (266,675.74)
Total Disbursements		\$(8,116,253.61)

Adjustments:

Miscellaneous adjustments		\$ 11,333.43
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Ending Cash Balance (12/31/05):

General Bank Account	\$ 23,193.95	
Inheritance Tax Funds on Hand	<u>88,659.50</u>	
		\$ <u>111,853.45</u>

**Register of Wills / Clerk of Orphans' Court
Statement of Cash Receipts and Disbursements
For the year ended December 31, 2005**

Beginning Cash Balance (1/1/05):

Automation Account

Sky Bank Account Number 4601773628	\$ 617.03	
		\$ 617.03

Receipts:

Register of Wills	\$ 4,080.00	
Clerk of Orphans Court	5,875.00	
		\$ 9,955.00

Disbursements:

Register of Wills	\$ 0.00	
Clerk of Orphans Court	0.00	
		\$ 0.00

Adjustments:

Interest	\$ 19.24	
Transfer to from general account	9,671.59	
		\$ 9,690.83

Ending Cash Balance (12/31/05):		\$ <u>20,362.86</u>
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The accompanying notes are an integral part of these financial statements.

Register of Wills and Clerk of Orphans' Court
Notes to the Statement of Cash Receipts and Disbursements
For the year ending December 31, 2005

Note 1: Summary of Significant Accounting Policies - The Register of Wills and Clerk of Orphans' Court reports on the cash basis of accounting. Under the cash basis of accounting revenues are recognized when received and expenses recognized when the disbursement is made.

Note 2: General Account - The general account of the Register of Wills and Clerk of Orphans' Court is utilized for all filing fees collected. [Inheritance Tax Receipts are deposited into a separate Inheritance Tax Account]. At the beginning of each month checks are issued to the County and the PA Department of Revenue from this checking account. These disbursements include all the receipts for the prior month.

Note 3: Inheritance Tax Account - This account is a local account which was approved and established in the name of the Department of Revenue. Inheritance Tax collections are considered disbursed once deposited into this account. The account is not a County account and the elected Beaver County official cannot withdraw or control the funds. Withdrawals are automatically transferred by the state every few days and the County later receives a "commission" check from the state for providing the service of tax collection.

Note 4: Inheritance Tax Commission - The Register of Wills receives a monthly commission check for acting as an agent to the Commonwealth of Pennsylvania for the purpose of collecting Inheritance Taxes. The commission rates and limits are determined in accordance with Act 207 of 1986, effective with tax collections made on and after January 1, 1988. The commission rates are 4.25% of \$1.00 to \$200,000 collected; 1.75% of \$200,001 to \$1,000,000 collected; and .5% of all collections in excess of \$1,000,000.

Note 5: Automation Fee - The Register of Wills Automation Fee was established in January 2003 and was established to provide funds to update and enhance their electronic records and equipment. The funds are transferred to the County Treasure who maintains the funds in a separate checking account for use by the Registers Office. (Sky Bank, Account Number 4601773628)

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April 2, 2007

Ms. Carol Ruckert Fiorucci
Office of the Register of Wills
and Clerk of Orphans' Court
Beaver County Courthouse
Beaver, PA 15009

Dear Ms. Fiorucci:

Report on Internal Control Structure

We have audited the records of the Beaver County Office of the Register of Wills and Clerk of Orphans' Court for the period January 1, 2004 to December 31, 2005, and have issued our report thereon dated April 2, 2007.

We conducted our audit in accordance with generally accepted auditing standards and 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 records are free of material misstatement.

In planning and performing our audit of the Beaver County Register of Wills and Clerk of Orphans' Court for the period January 1, 2004 to December 31, 2005, we considered the office's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial records and the office's compliance with applicable regulations and not to provide assurance on the internal control structure.

The management of the Register of Wills and Clerk of Orphans' Court is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed

Beaver County Register of Wills
And Clerk of Orphans Court
Audit Report
Page 9

in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with prescribed policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, future reliance on any evaluation of the structure, past or current, is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally, we assessed control risk for the internal control structure except for matters of compliance. Compliance with applicable laws and regulations was considered when assessing control risk for the internal control structure.

There were no matters noted involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the county office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial records.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements do not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial records being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above.

For further elaboration on weaknesses of a non material value, refer to the "Observations and Recommendations" section of this audit report.

This report is intended solely for the information and use of the Office of the Controller, management, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Richard W. Towcimak
Beaver County Controller

OBSERVATIONS AND RECOMMENDATIONS

Observation 1: Automation Fees Improperly Used For General Fund Purposes

A review of the Register of Wills' automation bank account revealed that \$9,671.59 from the automation account was transferred to the general fund on 12/30/04 to cover retirement expenses. These funds were re-deposited into the automation fund on 1/5/05.

On December 11, 2002 the Register of Wills and Clerk of Orphans' Court presented a fee schedule to Judge Robert Reed for his validation. Along with this schedule was a request to assess a \$5.00 charge on all petitions, letters, guardianships, adoptions and marriage licenses to establish an automation fee. Although no direct response was made to this request Judge Reed signed the fee schedule with the \$5.00 automation fee included. This fee was requested based on state law, act 69 December 1993, allowing register of wills of fourth class counties to establish, increase, modify or eliminate fees and charges with the approval of the President Judge. This fee is being applied to JDE account number 440.3433.01 and is transmitted to the Treasures Office who deposits the funds in Sky Bank account number 4601773628. The funds are to be used to update the Registers electronic records system. Because these fees were created for the specific purpose of improving the computers and electronic record systems of the registers office these funds should be considered restricted funds.

Audit Recommendation:

It is recommended that funds collected for the records improvement fund should not be used for any purpose other than the support, development and improvement of office records management activities and systems.

Observation 2: Copy Fees Not Immediately Received

Cash for receipt of copies is not being entered into the computer upon receipt; these funds are being held and entered as one receipt.

Audit Recommendation:

It is recommended that all cash transactions including those for copies should be entered into the computer upon receipt of funds.

Observation 3: Transaction Listings Incorrect

A new fee Schedule was issued and new fees became effective January 2, 2006. Fees were checked against current transaction listings from The Beaver County Orphans' Court, and The Register of Wills. Two items, item 52 Petition for settlement of small estates and item 17 petition to voluntarily relinquish parental rights, were found to be incorrect. These items were not increased when the new fee schedule took effect on 1/2/2006. The petition for settlement of small estates should have increased from \$30.00 to \$50.00. The petition to voluntarily relinquish parental rights should have increased from \$10.00 to \$25.00.

Audit Recommendation:

It is recommended that the transaction listing report be reviewed periodically to insure the proper fees are entered into the Infocon system. This should always be reviewed when a new fee schedule is entered into the system. Item #52 – PET SETTLE SM ESTAT and item #17 PET VOL RELIQ P R should be corrected to reflect the new fee.

Observation 4: Fee Schedule Should Be Reviewed

Based on current receipts and expenses for the Register of Wills and Orphans Court, the office does not receipt enough funds to cover expense. State law, act 69 December 1993, allows the register of wills of fourth class counties to establish, increase, modify or eliminate fees and charges with the approval of the President Judge. A review of fee schedules from other fourth class counties revealed that some fees for county services could possibly be increased.

Audit Recommendation:

It is recommended that the Register of Wills and Orphans Court review the office budget and fee schedule to see if there is a need to increase fees for county related activities.

An exit conference was held on June 6, 2007 for the purpose of discussing the items presented in this report. Those in attendance were:

The Register of Wills and Clerk of Orphans' Court

Carol Ruckert Fiorucci – Elected official, Register of Wills and Clerk of Orphan's Court and Paula Boyd, First Deputy

Beaver County Controller's Office

Charles Gibbons - Auditor

The results of the audit were discussed in there entirety during this conference.

The Register of Wills has agreed that all responses to the draft audit would be incorporated into the final audit. The responses will be incorporated and become a part of this report. As part of the Office of the Controller's normal reporting procedure, a copy of this report along with your responses will be distributed to the Beaver County Law Department and will be posted in the Controller's section of the Beaver County website.

Beaver County

CAROL RUCKERT FIORUCCI
REGISTER OF WILLS AND
CLERK OF THE ORPHANS' COURT

Phone 724/728-5700
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PAULA BOYD
Chief Deputy
CINDY DEVITIS
Deputy
CRAIG E. WYNN
Solicitor

Beaver, Pennsylvania 15009-2187

REPLY TO 2005 AUDIT OBSERVATIONS

Observations 1: Automation Fees Improperly Used for General Fund Purposes

A review of the Register of Wills automation bank account revealed that \$9,671.59 from the automation account was transferred to the general fund on 12/30/04 to cover retirement expenses. These funds were re-deposited into the automation fund on 1/5/05.

Answer: At the time this occurred I questioned the Treasurer's office and was told that this account was part of the General Fund and the Chief Clerk could roll over this money. Upon further discussion the account was seperated from the General Fund and is now an isolated account that can be used only at the Registers and President Judges discretion.

Observation 2: Copy Fees not immediately Receipted

Answer: The copy fees addressed here are miscellaneous fees that are collected from Title Searchers and the public that amount to \$.50 or \$1.00 at a time and do not require a receipt. These are accumulated and receipted periodically in a lump sum. Any copy fees that are part of a computer transaction are receipted along with the transaction. The auditor's recommendation is duly noted.

Observations 3 and 4:

3. Two items on the fee schedule, item 52 Petition for settlement of small estates and item 17, petition to voluntarily relinquish parental rights were found to be incorrect. The fee schedule did not reflect the right amount even though the correct amount was being collected. The fee schedule was changed.

4. The fee schedule will be periodically reviewed.

The Register of Wills would like to commend the Auditor for his thoroughness and the cooperative manner in which he performed this audit.

Carol Rickett Florman

ROW/COC

6/5/2007