



COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
17 SOUTH SEVENTH STREET
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GLENN ECKHART
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

TO: Final Report Distribution
FROM: Glenn Eckhart, County Controller G.E.
DATE: December 18, 2018
RE: Audit of Clerk of Orphans' Court Division

We have completed our financial audit of Clerk of Orphans' Court Division for the years ended December 31, 2016 and 2017. Our audit report number 18-39 is attached.

The results of our current audit is the County of Lehigh received the proper amounts from the Clerk of Orphans' Court Division.

Attachment

AUDITS/ORPHANS COURT

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF ORPHANS' COURT DIVISION

*Financial Audit for the Years Ended
December 31, 2016 and 2017*

REPORT NO. 18-39

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF ORPHANS' COURT DIVISION

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Clerk of Orphans' Court Response	No Response

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF ORPHANS' COURT DIVISION

Background*

The Orphans' Court Division of the Court of Common Pleas is charged with the responsibility of supervising the administration of descendant's estates and trusts and the processing of adoptions, incapacity hearings, parental termination cases and miscellaneous disputes regarding these matters. The name is an anachronism derived from an era in which those persons who traditionally had no legal "voice" (minor children, widows, orphans, deceased persons) required an objective entity, the Court, to "speak" for them and assure that their rights and interests were protected. Today, the administration of non-profit organizations also comes within the jurisdiction of the Orphans' Court, and, in Lehigh County, settlements of lawsuits or claims in which minors are to receive money must be approved by the Orphans' Court Division. This process also insures that the proceeds are deposited and preserved until the minor attains the age of majority. The Clerk of Orphans' Court is also responsible to issue marriage licenses upon "in-person" application by the couple.

*Source: 2018 Budget Narrative prepared by the Clerk of Orphans' Court Division



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GLENN ECKHART
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

Wendy A. W. Parr, Clerk of Orphans' Court Division
Lehigh County Courthouse
455 West Hamilton Street
Allentown, PA 18101-1614

Report on Financial Statements

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balance of the Clerk of Orphans' Court Division for the years ended December 31, 2016 and 2017 (hereinafter referred to as the Schedules) and the related notes to the Schedules.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of the Schedules in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Schedules based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Schedules, whether due to human error or fraud. In making those risk assessments, the auditor considers internal control relevant to management's preparation and fair presentation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of management's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Schedules

In our opinion, the Schedules referred to above present fairly, in all material respects, the financial activity arising from cash transactions of the Clerk of Orphans' Court Division for the years ended December 31, 2016 and 2017, in accordance with the U.S. generally accepted accounting principles.

As discussed in Note 1, the Schedules 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 Schedules present only the Clerk of Orphans' Court Division's 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 years ended December 31, 2016 and 2017 in conformity with the cash receipts and disbursements basis of accounting.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 on our consideration of Clerk of Orphans' Court Division's 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* in considering management's internal control over financial reporting and compliance.



GLENN ECKHART
County Controller

December 3, 2018
Allentown, Pennsylvania

Audited by: Thomas Grogan

xc: Phillips Armstrong, County Executive
Board of Commissioners
The Honorable J. Brian Johnston
Timothy Reeves, Fiscal Officer
The Honorable Edward Reibman, President Judge
Janet Thwaites, Esquire, Orphans' Court Counsel/Director of Operations
Kerry Turtzo, Court Administrator

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF ORPHANS' COURT DIVISION

*Statement of Receipts, Disbursements, and
Changes in Cash Balance for the
Years Ended December 31, 2016 and 2017*

	<u>2016</u>	<u>2017</u>
Receipts:		
Marriage License Fees	\$ 176,622	\$ 173,466
Office Fees (NOTE 2)	64,034	63,508
Commonwealth of PA JCS Fees (NOTE 2)	8,733	7,926
Grants (NOTE 3)	1,805	6,035
Adoption Counseling Fees (NOTE 2)	<u>150</u>	<u>75</u>
Total Receipts	<u>251,344</u>	<u>251,010</u>
Disbursements :		
County of Lehigh	196,940	196,318
Commonwealth of PA (NOTE 4)	<u>54,254</u>	<u>54,617</u>
Total Disbursements	<u>251,194</u>	<u>250,935</u>
Receipts Over/(Under) Disbursements	150	75
Cash Balance, January 1	<u>14,955</u>	<u>15,105</u>
Cash Balance, December 31 (NOTE 5)	<u>\$ 15,105</u>	<u>\$ 15,180</u>

The accompanying notes are an integral part of this statement.

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF ORPHANS' COURT DIVISION

*Notes to Financial Statements
for the Years Ended December 31, 2016 and 2017*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Clerk of Orphans' Court Division's 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 requires the accrual basis of accounting.

C. Change in Computer Software

Clerk of Orphans' Court Division began using a new computer software called "Odyssey" in April 2005. This computer software replaced the county developed software in KEA. The name "Odyssey" is a trademark/registered trademark of Tyler Technologies, Inc., the company who developed it. The County of Lehigh pays a monthly fee to Tyler Technologies, Inc. to use "Odyssey".

NOTE 2 – FEES

A. Office Fees

Office fees consist of fees that are charged by the Clerk of Orphans' Court Division to conduct normal business, E-filing fees, automation fees, credit card fees, and returned check fees.

B. Adoption Counseling Fees

Section 2505 of Title 23 of the Pennsylvania Consolidated Statutes provides for a filing fee in the amount of \$75 to be paid by adopting parties and segregated in a fund established by the county. This fund is to be used to pay for counseling for individuals relinquishing parental rights who are unable to pay for such counseling.

C. Judicial Computer System Project (JCS) Fees

This is a statutorily created fee imposed on "first filings in petitions concerning adoptions, incapacitated persons, estates of minors, and *inter vivos* trusts". Effective October 30, 2017, the JCS fee was increased from \$35.50 to \$40.25.

NOTE 3 - GRANTS

The Guardianship Act, i.e., Act 24 of 1992, provides reimbursement of legal or witness costs associated with appointment of guardians for incapacitated persons who are unable to pay for these services. Grants are received from the Pennsylvania Department of Public Welfare (DPW) in the year after such costs are incurred.

NOTE 4 - COMMONWEALTH OF PENNSYLVANIA

Disbursements to the Commonwealth of Pennsylvania include marriage license applications fees and judicial computer system project (JCS) fees.

NOTE 5 - CASH BALANCE, DECEMBER 31

The cash balance as of December 31 is comprised of:

	<u>2016</u>	<u>2017</u>
Funds Held by Lehigh County -		
Adoption Counseling Fees	\$ 15,105	\$ 15,180
	=====	=====



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Clerk of Orphans' Court Division
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We have audited, in accordance with the auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller of the United States; the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balance of Clerk of Orphan's Court Division for the years ended December 31, 2016 and 2017 (hereinafter referred to as the Schedules) and have issued our report thereon dated December 3, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the Schedules, we considered the Clerk of Orphans' Court Division's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedules, but not for the purpose of expressing an opinion on the effectiveness of management's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk of Orphans' Court Division's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

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. Significant deficiencies or material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clerk of Orphans' Court Division's Schedules 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*.

Our audit also included sufficient and appropriate tests for fraud, waste and abuse and we included in our report any material (either quantitatively or qualitatively) instances we noted however, our audit procedures would not necessarily identify all instances of fraud, waste and abuse that may be reportable.

Management's Response to the Audit

If provided, the Clerk of Orphans' Court Division's response to our audit is included in this report. We did not audit the Clerk of Orphans' Court Division's response and, accordingly, we do not express an opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, others within the entity, and Phillips Armstrong, County Executive; Board of Commissioners; The Honorable J. Brian Johnston; The Honorable Edward Reibman, President Judge; Timothy Reeves, Fiscal Officer; Kerry Turtzo, Court Administrator; and Janet Thwaites, Esquire, Orphans' Court Counsel/Director of Operations 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.



GLENN ECKHART
County Controller

December 3, 2018
Allentown, PA