



**Lehigh County**  
Pennsylvania

**OFFICE OF THE CONTROLLER**

Mark Pinsley, MBA    Thomas Grogan, CPA  
COUNTY CONTROLLER    DEPUTY CONTROLLER

**TO:** Final Report Distribution  
**FROM:** Mark Pinsley, County Controller *Y*  
**DATE:** October 22, 2021  
**RE:** Audit of Clerk of Judicial Records-Civil Division

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We have completed our financial audit of Clerk of Judicial Records-Civil Division for the years ended December 31, 2019 and 2020. Our audit report number 21-26 is attached.

The result of our audit is the County of Lehigh received the proper amounts due from the Clerk of Judicial Records-Civil Division.

Attachment

AUDITS/CJR-CIVIL DIVISION



COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS - CIVIL DIVISION

*Financial Audit for the Years Ended  
December 31, 2019 and 2020*

REPORT NO. 21-26

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Clerk of Judicial Records' Response .....	No Response

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS-CIVIL DIVISION

***Background\****

The Civil Division maintains all civil related Court records and carries out the following duties and responsibilities:

1. Case initiation for all Civil Case Types.
2. Docket, index, and scan all civil cases, family court cases, judgments, notes, and liens.
3. Process Orders of Court.
4. Collect, process, and distribute funds to various individuals and agencies (i.e., Department of Revenue, appeals, and divorce master fees, etc.).
5. Process and transmit cases to the appellate Courts.
6. Prepare writs upon praecipe (i.e., execution, attachment, seizure, summons, etc.).
7. Docket Protection from Abuse (PFA) case information, and prepare and transmit the PFA Data sheet to Pennsylvania State Police PFA registry.
8. Maintain a list of approved surety companies for posting bonds.
9. Register Notary Public signature and prepare County Clerk Certificates.
10. Accept passport applications for processing by Passport Services.
11. Assist the Department of Homeland Security with processing of applications for Naturalization Citizenship and the Naturalization Ceremony in the Courtroom.

Other Civil actions include:

- Mortgage Foreclosure
- Automobile Accidents
- Appeal from Civil Magisterial District Judge Judgment
- Medical/Professional Liability Action

\*Source: [www.lehighcounty.org/Departments/Clerk-of-Judicial-Records/Civil-Division](http://www.lehighcounty.org/Departments/Clerk-of-Judicial-Records/Civil-Division)



Andrea E. Naugle, Clerk of Judicial Records  
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 Judicial Records-Civil Division for the years ended December 31, 2019 and 2020 (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 these 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 Judicial Records-Civil Division for the years ended December 31, 2019 and 2020, in accordance with the U.S. generally accepted accounting principles. However, we noted control deficiencies or other management issues that are described in the accompanying “*Schedule of Audit Findings and Recommendations*” and “*Prior Audit Findings and Recommendations*”.

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 Judicial Records-Civil Division 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, 2019 and 2020 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 October 15, 2021 on our consideration of the Clerk of Judicial Records-Civil 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.

  
MARK PINSLEY  
County Controller

October 15, 2021  
Allentown, Pennsylvania

Audited by: Nam Tran

xc: Phillips Armstrong, County Executive  
Dena K. Dalmas, Chief Deputy, Lehigh County Judicial Records-Civil Division  
Board of Commissioners  
Edward Hozza, Director of Administration  
The Honorable Michele A. Varricchio, Administrative Judge of the Civil Division  
Timothy Reeves, Fiscal Officer  
The Honorable J. Brian Johnson, President Judge  
John Sikora, Deputy Court Administrator  
Kerry Turtzo, Court Administrator

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS-CIVIL DIVISION

*Statement of Receipts, Disbursements, and  
Changes in Cash Balance for the  
Years Ended December 31, 2019 and 2020*  
(NOTE 1)

	<u>2019</u>	<u>2020</u>
<b>Fees and Regular Escrow (NOTE 2)</b>		
Receipts:		
County	\$1,768,811	\$1,365,318
State	628,817	494,393
Escrow	<u>188,812</u>	<u>168,392</u>
Total Receipts	2,586,440	2,028,103
Disbursements:		
County	2,397,628	1,859,710
Escrow	<u>160,355</u>	<u>142,934</u>
Total Disbursements	2,557,983	2,002,645
Excess of Receipts Over/(Under) Disbursements	28,457	25,458
Cash Beginning - Escrow	<u>61,395</u>	<u>89,852</u>
Cash Ending Escrow	<u>\$ 89,852</u>	<u>\$ 115,310</u>
<b>Individual Escrow (NOTE 3)</b>		
Receipts	\$ 485,536	\$ 2,176
Disbursements	<u>787,358</u>	<u>0</u>
Excess of Receipts Over (Under) Disbursements	(301,822)	2,176
Cash Beginning – Individual Escrow	<u>849,913</u>	<u>548,091</u>
Cash Ending – Individual Escrow	<u>\$ 548,091</u>	<u>\$ 550,268</u>

The accompanying notes are an integral part of this statement.

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS - CIVIL DIVISION

*Notes to Financial Statements  
for the Years Ended December 31, 2019 and 2020*

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Clerk of Judicial Records-Civil 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.

**2. Fees and Regular Escrow**

- A. Transactions in this category are processed through the automated accounting system named ODYSSEY.
- B. County Receipts are fees retained for services provided by the county.
- C. State Receipts are the portion of the fees due to the state.
- D. Escrow Receipts and Disbursements represent legally disputed amounts deposited pursuant to statute or court order, held pending adjudication and subsequent disbursement by court order. Also included are amounts representing prepayment of anticipated court service costs.
- E. County Disbursements are the total of County and State Receipts deposited in the county bank account.

**3. Individual Escrow Accounts**

These monies are deposited into separate individual bank accounts under the participant's Federal Tax Identification Number and are disbursed by court order only. These amounts represent legally disputed amounts pending adjudication.



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

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 the Clerk of Judicial Records-Civil Division for the years ended December 31, 2019 and 2020 (hereafter referred to the Schedules) and have issued our report thereon dated October 15, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the Schedules, we considered the Clerk of Judicial Records-Civil 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 Judicial Records-Civil 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 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 the Clerk of Judicial Records-Civil 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***

We noted certain matters that we reported to management of the Clerk of Judicial Records – Civil Division in a separate section titled “*Schedule of Audit Findings and Recommendations*” and “*Schedule of Prior Audit Findings and Recommendations*”. If provided, the Clerk of Judicial Records-Civil Division's response to our audit is included in this report. We did not audit the Clerk of Judicial Records-Civil 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; Edward Hozza, Director of Administration; Board of Commissioners; Timothy Reeves, Fiscal Officer; The Honorable J. Brian Johnson, President Judge; and The Honorable Michele A. Varricchio, Administrative Judge of the Civil Division 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.



MARK PINSLEY  
County Controller

October 15, 2021  
Allentown, PA

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS-CIVIL DIVISION

*Schedule of Audit Findings and Recommendations*

1. Oversight in timely billing and disbursement of funds

**Condition:** We discovered during our audit two instances of untimely billing and disbursement of funds.

The first instance was a result of one outstanding billing to the state in 2019 for conversion fees related to 24 state liens processed totaling \$48.

The second instance was a result of funds kept in escrow for a civil case that was settled in July of 2020. The funds, totaling \$1,230, should have been released in 2020. The funds were subsequently paid on September 16, 2021 as a result of this audit.

**Recommendation:** Beginning in May, 2018 the state began sending payment along with requests for liens, thus eliminating the need to invoice the state for liens processing. However, the conversion fees are not paid with the requests for liens and are billed separately. The unpaid state conversion fees should be reviewed regularly to ensure the state has paid the conversion fees in the same year as the liens processed.

Escrow accounts should be reviewed regularly to ensure that any undisbursed balances with orders to pay are disbursed timely.

Other invoices are still required without corresponding transactions in the automated accounting system and should still be tracked by assigned personnel and reviewed by management on a regular (monthly) basis.

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS-CIVIL DIVISION

***Schedule of Prior Audit Findings and Recommendations***

(Audit Report #19-17 issued August 28, 2019)

2. Oversight in billing state for services

**Condition:** The state was not invoiced for 72 liens processed during February, 2018 and 11 liens processed during September, 2015. Amounts due total \$5,122.80 and \$724.90 respectively.

The oversight was discovered when comparing unpaid invoice reports from the automated accounting system (Odyssey) to manual tracking reports. Management determined the invoices were not sent due to a failure to notify the appropriate staff to issue the invoices.

Management immediately invoiced the state when this issue was brought to their attention.

**Recommendation:** Beginning in May, 2018 the state began sending payment along with requests for liens, thus eliminating the need to invoice the state.

Other invoices are still required without corresponding transactions in the automated accounting system and should still be tracked by assigned personnel and reviewed by management on a regular (monthly) basis.

**Current Status:** Recommendation has been implemented.