




Lehigh County
Pennsylvania

OFFICE OF THE CONTROLLER

Mark Pinsley, MBA
COUNTY CONTROLLER

Nanton John, CFE
DEPUTY CONTROLLER

TO: Final Report Distribution

FROM: Mark Pinsley, County Controller 

DATE: May 20, 2025

RE: Financial Audit of Clerk of Judicial Records – Register of Wills Division

We have completed a financial audit of the Clerk of Judicial Records – Register of Wills Division for the years ended December 31, 2022 and 2023. Our audit number 25-12 is attached.

The results of our audit are:

- County of Lehigh received the proper amounts from the Clerk Judicial Records – Register of Wills Division.
- Lehigh County Register of Wills Division implemented Electronic Filing on February 15, 2023. During the audit it was found that the Judicial Computer Project (JCP) Fees collected were not properly interfaced to the proper general ledger accounts thru February 28, 2025, resulting in an underpayment to the PA Department of Revenue of \$50,191.75 with a corresponding overstatement of the Lehigh County's Fee and Commissions account.

Management corrective action was taken immediately. Fee reports were run to calculate the amount of the JCP fees, Automation and Electronic Filing fees needed to identify and correct the condition. On 3/10/25, management completed a Request for Payment to Fiscal, a Memorandum to Fiscal, and a Memorandum to the Department of Revenue. On 3/27/25, \$50,191.75 was remitted to the PA Department of Revenue and the other affected general ledger accounts were adjusted.

Attachment

AUDITS/CJR-REG OF WILLS DIV



COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF JUDICIAL RECORDS – REGISTER OF WILLS DIVISION

*Financial Audit for the Years Ended
December 31, 2022 and 2023*

REPORT NO. 25-12

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF JUDICIAL RECORDS - REGISTER OF WILLS DIVISION

Table of Contents

	Page
Background Information	1
OPINION OF MARK PINSLEY LEHIGH COUNTY CONTROLLER	2-4
Statement of Receipts and Disbursements for the Years Ended December 31, 2022 and 2023	5
Notes to Financial Statement	6-7
Comments on Compliance/Internal Control	8-9
Schedule of Audit Findings and Recommendations.....	10
Clerk of Judicial Records' Response	11

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF JUDICIAL RECORDS – REGISTER OF WILLS DIVISION

Background

What the Clerk of Judicial Records Does

Thousands of legal documents, such as court cases, property sales, and wills, are created annually in a county like Lehigh. Without someone to organize and protect these records, important information could be lost, delayed, or handled unfairly. That is why the Clerk of Judicial Records exists.

The Clerk of Judicial Records keeps track of important legal documents in Lehigh County. This office handles records for civil and criminal court cases, wills, deeds, and real estate. It ensures everything is up to date, accurate, and stored correctly. If someone needs to file a lawsuit, record a property deed, probate a will, or check legal records, our citizens go to this office.

The Clerk of Judicial Records:

- Files civil and criminal court documents
- Records real estate transactions, like deeds and mortgages
- Handles wills and collects inheritance taxes for the state
- Keeps track of money held in escrow by the courts
- Works with judges, lawyers, title companies, and the public to provide access to records

This office is responsible for making sure legal records are complete, easy to find, and follow the law. It also helps other parts of the court system run smoothly by submitting reports and tracking payments.

History of the Office

Before 2008, Lehigh County had four separate offices that each handled different kinds of legal records:

- Clerk of Courts: This office managed records for criminal court cases. If someone is charged with a crime, the Clerk of Courts tracks all the paperwork: charges, court dates, outcomes, and more.
- Prothonotary: This office handled records for civil court cases, like lawsuits between people or businesses, divorce filings, or protection-from-abuse orders.
- Register of Wills: This office was responsible for probating wills, which means making sure the will was real and legally valid. In most cases, the Register of Wills ***not a judge*** reviews the will, confirms that it was properly signed (usually with witnesses) and that the person who wrote it was mentally able to make decisions and not pressured. If there are no disputes, the Register approves the will and allows the property, money, or belongings to be passed on to the people named in it. If there is a dispute, the matter is sent to a judge in Orphans' Court. The office also handled inheritance taxes owed to the state when money or property was passed down to an heir.
- Recorder of Deeds: This office kept records of real estate transactions, such as when someone bought a house or took out a mortgage. It ensured that property ownership was officially recorded and easy to find.

In 2008, the four offices were consolidated into a single entity: the Clerk of Judicial Records. This change, enacted through an amendment to the county's Home Rule Charter, aimed to enhance efficiency, minimize duplication, and simplify public access to necessary records. By 2011, all four divisions had been relocated to the same physical building.



OFFICE OF THE CONTROLLER

Mark Pinsley, MBA
COUNTY CONTROLLER

Nanton John, CFE
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INDEPENDENT AUDITOR'S REPORT

Michelle Graupner, Clerk of Judicial Records
Lehigh County Courthouse
455 West Hamilton Street
Allentown, PA 18101-1614

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying Statement of Receipts and Disbursements of Clerk of Judicial Records-Register of Wills Division for the years ended 2022 and 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial activity arising from cash transactions of Clerk of Judicial Records-Register of Wills Division for the years ended 2022 and 2023, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Clerk of Judicial Records-Register of Wills Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements were prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Also discussed in Note 1, the financial statements present only the Clerk of Judicial Records-Register of Wills 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 2022 and 2023, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, mis- representations, or the override of certain internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Clerk of Judicial Records-Register of Wills Division's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clerk of Judicial Records-Register of Wills Division's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

We noted control deficiencies or other management issues that are described in the accompanying "Schedule of Audit Findings and Recommendations".

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2025 on our consideration of Clerk of Judicial Records-Register of Wills Division's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements 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

May 20, 2025
Allentown, Pennsylvania

Audited by: Allan Vavra

xc: Phillips Armstrong, County Executive
Board of Commissioners
Edward Hozza, Director of Administration
Timothy Reeves, Chief Fiscal Officer
The Honorable J. Brian Johnson, President Judge
Diana Dergham, Chief Deputy, Clerk of Judicial Records-Register of Wills

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF JUDICIAL RECORDS - REGISTER OF WILLS DIVISION
Statement of Receipts and Disbursements
for the Year Ended December 31, 2022 and 2023
(NOTE 1)

	<u>2022</u>	<u>2023</u>
Fees and Collections:		
Inheritance Tax	\$ 41,462,578	\$ 50,272,037
Office Filing and Other Fees	\$ 607,235	\$ 631,216 *
Judicial Computer Project Fees	\$ 54,016	\$ 29,343 *
Automation Fees	\$ 7,805	\$ 4,555 *
Electronic Filing Fee	\$ 7,798	\$ 4,555 *
Credit Card Fee	\$ 463	\$ 443
Over & Short	\$ 18	\$ 14
Inheritance Tax Return Fee	\$ 5,175	\$ 4,300
Return Check Fee	\$ 140	\$ 300
	<hr/>	<hr/>
Total Fees and Collections:	\$ 42,145,228	\$ 50,946,763
	<hr/>	<hr/>
Commissions:		
Commissions for Tax Collection (NOTE 2)	\$ 228,861	\$ 268,470
	<hr/>	<hr/>
Total Receipts:	\$ 42,374,089	\$ 51,215,233
	<hr/>	<hr/>
Disbursements:		
Commonwealth of PA (NOTE 3)	\$ 41,516,594	\$ 50,301,379
County of Lehigh (NOTE 4)	\$ 857,495	\$ 913,854
	<hr/>	<hr/>
Total Disbursements	\$ 42,374,089	\$ 51,215,233
	<hr/>	<hr/>
Receipts Over (Under) Disbursements	\$ -	\$ -

The accompanying notes are an integral part of this statement.

* During the audit, a misallocation was identified related to Judicial Computer Project (JCP) fees collected via the electronic filing system implemented on February 15, 2023. These fees were incorrectly recorded to the County's Fees and Commissions account through February 28, 2025.

The financial statement above reflects the original ledger entries as of December 31, 2023 and does not incorporate audit adjustments. Corrected actuals are detailed on Page 7 (NOTE 5).

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF JUDICIAL RECORDS - REGISTER OF WILLS DIVISION

Notes to Financial Statements for the Years Ended December 31, 2022 and 2023

1. Summary of Significant Accounting Policies

A. Reporting Entity

A portion of the Clerk of Judicial Records-Register of Wills 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. The remaining financial activity is part of other governmental entities. 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 and Disbursements 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.

C. Clerk of Judicial Records During the Audit Period

Andrea Naugle served as the Clerk of Judicial Records for the period January 1, 2022 to September 29, 2023. Michelle Graupner was appointed Acting Clerk on November 9, 2023.

2. Commissions for Tax Collection

Acting in the capacity of an agent for the Commonwealth, the counties' Register of Wills offices are paid commissions for collection of Inheritance Taxes. Effective January 1, 1988, the following rates are in effect:

4.25% of the first \$1.00 to \$200,000.00
1.75% of \$200,000.01 to \$1,000,000.00
0.50% of all collections in excess of \$1,000,000.00.

3. Commonwealth of Pennsylvania

Amounts remitted to the state from the County of Lehigh are in the following categories:

	<u>2022</u>	<u>2023</u>
Inheritance Tax	\$ 41,462,578.41	\$ 50,272,036.81
Judicial Computer Project Fees (NOTE 5)	\$ 54,015.50	\$ 29,342.50
Disbursements to Commonwealth of PA	\$ 41,516,593.91	\$ 50,301,379.31

4. County of Lehigh

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

		<u>2022</u>		<u>2023</u>
Office Filing and Other Fees (NOTE 5)	\$	607,235	\$	631,216
Commissions for Tax Collection	\$	228,861	\$	268,470
Automation Fees (NOTE 5)	\$	7,805	\$	4,555
Electronic Filing Fee (NOTE 5)	\$	7,798	\$	4,555
Credit Card Fee	\$	463	\$	443
Over & Short	\$	18	\$	14
Inheritance Tax Return Fee	\$	5,175	\$	4,300
Return Check Fee	\$	140	\$	300
Disbursements to County of Lehigh	\$	857,495	\$	913,854

5. Subsequent Correction to 2023 Receipts.

During the audit, a misallocation was identified related to Judicial Computer Project (JCP) fees collected via the electronic filing system implemented on February 15, 2023. These fees were incorrectly recorded to the County's Fees and Commissions account through February 28, 2025.

Fee Category	Page 5: Original 2023 Amount	Adjusted 2023 Actual	Difference	Comment
Office Filing and Other Fees	\$631,216	\$605,287	\$(25,929)	Overstated due to misclassified JCP/Automation/E-File fees.
Judicial Computer Project Fees	\$29,343	\$50,112	\$20,769	Understated—JCP portion of E-Filing was misclassified under Office Filing and Other Fees.
Automation Fees	\$4,555	\$7,135	\$2,580	Understated—Automation portion of E-Filing was misclassified under Office Filing and Other Fees.
Electronic Filing Fee	\$4,555	\$7,135	\$2,580	Understated—E-Filing portion was misclassified under Office Filing and Other Fees.



OFFICE OF THE CONTROLLER

Mark Pinsley, MBA
COUNTY CONTROLLER

Nanton John, CFE
DEPUTY CONTROLLER

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards

Michelle Graupner, 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 and Disbursements of Clerk of Judicial Records-Register of Wills Division for the years ended 2022 and 2023 (hereinafter referred to as the Schedules) and have issued our report thereon dated May 20, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clerk of Judicial Records-Register of Wills Division's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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-Register of Wills Division's internal control.

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 was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clerk of Judicial Records-Register of Wills Division's 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*.

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.

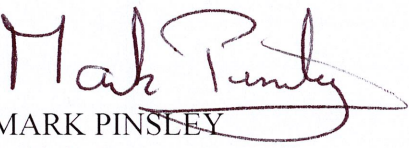
Management's Response to the Audit

If provided, the Clerk of Judicial Records-Register of Wills Division's response to our audit is included in this report. We did not audit the Clerk of Judicial Records-Register of Wills 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; The Honorable J. Brian Johnson, President Judge; Timothy Reeves, Chief Fiscal Officer; Diana Dergham, Chief Deputy, Clerk of Judicial Records-Register of Wills 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
Lehigh County Controller

Allentown, PA
May 20, 2025

COUNTY OF LEHIGH, PENNSYLVANIA
CLERK OF JUDICIAL RECORDS - REGISTER OF WILLS DIVISION

Schedule of Audit Findings and Recommendations

1. Judicial Computer Project (JCP) Fees

Condition:

Lehigh County Register of Wills Division implemented Electronic Filing on February 15, 2023. During the audit it was found that the Judicial Computer Project (JCP) Fees collected were not properly interfaced to the proper general ledger accounts thru February 28, 2025, resulting in an underpayment to the PA Department of Revenue of \$50,191.75 with a corresponding overstatement of the Lehigh County's Fee and Commissions account.

More specifically, on 2/15/23, a \$50.25 E-Filing fee code was established, to be composed of a \$40.25 JCP fee, a \$5.00 Automation fee, and a \$5.00 E-File fee. However, the applicable fees were not allocated to the proper general ledger accounts and were all recorded to the County's Fees and Commission's general ledger account until the time of detection on 2/28/25. This caused the following related general ledger accounts to be in error requiring adjustments.

Year	Due to JCP	Automation Fees	Electronic Filing Svc Fee	Fees & Commissions
2023	\$ 20,769.00	\$ 2,580.00	\$ 2,580.00	\$ 25,929.00
2024	\$ 25,357.50	\$ 3,150.00	\$ 3,150.00	\$ 31,657.50
2025	\$ 4,065.25	\$ 505.00	\$ 505.00	\$ 5,075.25
Grand Total	\$ 50,191.75	\$ 6,235.00	\$ 6,235.00	\$ 62,661.75

Management corrective action was taken immediately. Fee reports were run to calculate the amount of the JCP fees, Automation and Electronic Filing fees needed to identify and correct the condition. On 3/10/25, management completed a Request for Payment to Fiscal, a Memorandum to Fiscal, and a Memorandum to the Department of Revenue. On 3/27/25, \$50,191.75 was remitted to the PA Department of Revenue and the other affected general ledger accounts were adjusted.

Recommendations:

Implement a process to conduct periodic comparative reviews of the Odyssey and general ledger fee income accounts to detect large and unusual variances.

Perform periodic detailed testing of the fees schedule to the actual charges applied to the case to ensure fees are properly assessed and calculated.

Anytime changes are made to the fees schedule, pre-implementation and post testing of fee calculations should be performed by an independent party to provide reasonable assurance that Odyssey system programming is correct and accurately mapped.

TO: Mark Pinsley, County Controller

FROM: Michelle Graupner, Clerk of Judicial Records
Diana Dergham, Chief Deputy

DATE: May 20th, 2025

RE: Response to Audit Findings and Recommendations – Register of Wills 2022-2023

1. Judicial Computer Project (JCP) Fees

Response: The condition that arose was that the fees were overstated in the Office Filing and Other Fees and understated in the JCP Fees due to the software incorrectly allocating the breakdown of fees for new actions in the e-filing system. The e-filing system was implemented in February 2023. Payments made at the counter for new actions all had the correct breakdown of fees and went into the correct general ledger accounts. The fees were all captured and recorded. Immediate action was taken to contact the IT Department and update the software to work properly. Administration will continue to review and run reports to ensure the fees received are disbursed into the correct general ledger accounts.



Michelle Graupner
Clerk of Judicial Records



Diana Dergham
Chief Deputy