

*The County of Chester  
Office of the Controller  
Internal Audit Department*



*Audit Report  
Office of the Register of Wills / Clerk of Orphans' Court  
For the year ended December 31, 2009*

**Valentino F. DiGiorgio, III, Controller**

**COUNTY OF CHESTER**  
**AUDIT OF THE REGISTER OF WILLS / CLERK OF ORPHANS' COURT**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**Paula Gowen, Register of Wills/Clerk of Orphans' Court**  
**Office of the Register of Wills/Clerk of Orphans' Court**  
**Chester County Justice Center**  
**201 W. Market Street, Suite 2200**  
**West Chester, PA 19380**

**COUNTY OF CHESTER**  
**AUDIT OF THE REGISTER OF WILLS / CLERK OF ORPHANS' COURT**  
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# COUNTY OF CHESTER OFFICE OF THE CONTROLLER

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VALENTINO F. DIGIORGIO, III  
Controller

October 19, 2010

Office of the Register of Wills/Clerk of Orphans' Court  
Chester County Justice Center  
201 W. Market Street, Suite 2200  
West Chester, PA 19380

Internal Audit has audited the accounts of the *Office of the Register of Wills/Clerk of Orphans' Court (Register)* as of December 31, 2009, and has compiled the attached Statement of Assets and Liabilities and the related Statements of Cash Receipts, Disbursements, and Cash Balances for the year then ended. It is Internal Audit's responsibility to annually audit the accounts of any office receiving money for the use of the Commonwealth of Pennsylvania and to report the results of such audits to the Chester County Commissioners and the Chester County Court of Common Pleas. It is management's responsibility to maintain, update, and reconcile these accounts on a continuous basis.

Our audit was conducted in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit in a manner that will provide *reasonable assurance* that the accounts are free of material misstatement and that amounts are properly supported and approved.

As described in Note 1, the accompanying financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the statements referred to above are not intended to present the financial position and results of operations of the *Register* in conformity with generally accepted accounting principles.

In our opinion, the accounts of the *Register* are stated fairly as of December 31, 2009. Consequently, the corresponding financial statements prepared by Internal Audit present fairly, in all material respects, the assets and liabilities of the *Register* as of December 31, 2009, and the cash receipts, disbursements, and cash balances for the year then ended.

In accordance with Government Auditing Standards, Internal Audit has also issued a report dated October 19, 2010, on our evaluation of the *Register's* internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, policies and/or procedures. That report is an integral part of an audit performed in accordance with Government Auditing Standards and is to be read in conjunction with this report in considering the results of our audit.

Valentino F. DiGiorgio, III  
Controller

**COUNTY OF CHESTER**  
**OFFICE OF THE REGISTER OF WILLS/CLERK OF ORPHANS' COURT**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2009**

**ASSETS**

Cash - Operating	\$ 109,150
Cash - Court Ordered Escrow	26,010
Cash - Attorney for Minor	1,206
Cash - Counseling Fees	24,902
Cash - Change Fund	100
 Total Assets	 \$ 161,368

**LIABILITIES**

Undisbursed Funds:	
County of Chester - Fees	\$ 103,322
County of Chester - Interest	324
Adoption Attorney Fees	1,200
Adoption Counseling Fees	24,690
Commonwealth - Marriage Licenses	2,562
Commonwealth - Computer Fees	3,160
Change Fund	100
Court Ordered Escrow	26,010
 Total Liabilities	 \$ 161,368

*The accompanying notes are an integral part of these financial statements.*

**COUNTY OF CHESTER**  
**OFFICE OF THE REGISTER OF WILLS/CLERK OF ORPHANS' COURT**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CASH BALANCE-**  
**OPERATING ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

Cash Balance, January 1, 2009		\$ 143,330
Receipts:		
County of Chester – Fees		\$ 1,073,941
Commonwealth – Marriage License and Computer Fees		67,992
Interest		<u>452</u>
Total Receipts		<u>\$ 1,142,385</u>
Disbursements:		
County of Chester – Fees		\$ 1,109,031
Commonwealth – Marriage License and Computer Fees		66,848
Interest		<u>686</u>
Total Disbursements		<u>\$ 1,176,565</u>
Excess of disbursements over receipts		<u>(34,180)</u>
Cash Balance, December 31, 2009		<u>\$ 109,150</u>

*The accompanying notes are an integral part of these financial statements.*

**COUNTY OF CHESTER**  
**OFFICE OF THE REGISTER OF WILLS/CLERK OF ORPHANS' COURT**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CASH BALANCE-**  
**COURT ORDERED ESCROW ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

Cash Balance, January 1, 2009	\$ 135,346
Receipts:	
Interest	<u>\$ 1,135</u>
Total Receipts	<u>\$ 1,135</u>
Disbursements:	
Closing Entries and Fees	<u>\$ 110,471</u>
Total Disbursements	<u>\$ 110,471</u>
Excess of disbursements over receipts	<u>(109,336)</u>
Cash Balance, December 31, 2009	<u><u>\$ 26,010</u></u>

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**COUNTY OF CHESTER**

**OFFICE OF THE REGISTER OF WILLS/CLERK OF ORPHANS' COURT**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CASH BALANCE-  
ATTORNEY FOR MINOR ACCOUNT**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

Cash Balance, January 1, 2009		\$	1,203
Receipts:			
Attorney Fees		\$	1,650
Interest			<u>6</u>
Total Receipts		\$	<u>1,656</u>
Disbursements:			
Attorney Fees		\$	1,650
Interest			<u>3</u>
Total Disbursements		\$	<u>1,653</u>
Excess of receipts over disbursements			<u>3</u>
Cash Balance, December 31, 2009		\$	<u>1,206</u>

*The accompanying notes are an integral part of these financial statements.*



**COUNTY OF CHESTER**  
**OFFICE OF THE REGISTER OF WILLS/CLERK OF ORPHANS' COURT**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CASH BALANCE-**  
**COUNSELING FEES ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

Cash Balance, January 1, 2009	\$ 23,253
Receipts:	
Attorney Fees	\$ 1,500
Interest	<u>212</u>
Total Receipts	<u>\$ 1,712</u>
Disbursements:	
Attorney Fees	<u>\$ 63</u>
Total Disbursements	<u>\$ 63</u>
Excess of receipts over disbursements	<u>1,649</u>
Cash Balance, December 31, 2009	<u><u>\$ 24,902</u></u>

*The accompanying notes are an integral part of these financial statements.*

**COUNTY OF CHESTER**  
**OFFICE OF THE REGISTER OF WILLS/CLERK OF ORPHANS' COURT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

*Note 1 - Summary of Significant Accounting Policies*

**Background and Reporting Entity**

The *Register* acts as a conduit for the Commonwealth of Pennsylvania, the County of Chester, related political subdivisions, and the citizens it serves. Consequently, the *Register's* cash balance at any point in time represents undisbursed funds to one (or all) of these parties. For financial statement purposes, these undisbursed funds are included as a liability of the *Register*.

The actual operating expenses of the *Register* are paid by the County of Chester. These costs include the salary and wages of office employees, fringe benefits, postage, telephone, office supplies, computer/LAN use, and furniture and equipment. These costs are not included in the audited Statements of Cash Receipts, Disbursements, and Cash Balances.

**Basis of Accounting**

The books and records of the *Register* are maintained on the cash basis of accounting. Consequently, receipts are recognized when received rather than when assessed or otherwise due, and disbursements are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying statements do not present the assets, liabilities, receipts, disbursements, and cash balances in accordance with generally accepted accounting principles.

**Inheritance Tax**

The Commonwealth of Pennsylvania requires the *Register* to collect inheritance taxes on its behalf. The Commonwealth has set up a local bank account in which these monies are to be deposited daily. The bank account is controlled by the Commonwealth. The *Register* does not have withdrawal or check writing authority and does not receive bank statements. Consequently, the taxes collected are not presented in the accompanying Statements of Cash Receipts, Disbursements, and Cash Balances pursuant to generally accepted accounting principles applicable to agency funds.

*Note 2 - Legal Matters*

Our audit disclosed no pending litigation involving the *Register* or its Register of Wills/Clerk of Orphans' Court (Paula Gowen) for the year ended December 31, 2009.



# COUNTY OF CHESTER

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October 19, 2010

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### **Report on Internal Controls**

In accordance with Government Auditing Standards, the scope of our audit included an examination and evaluation of the adequacy and effectiveness of the *Register's* system of internal control and the quality of performance of the *Register* in carrying out assigned responsibilities. The primary objectives of internal controls include the following:

- Safeguarding of assets
- Reliability and integrity of information
- Compliance with policies, procedures, laws and regulations
- Compliance with provisions of contracts and lease agreements.

In addition, generally accepted auditing standards (GAAS) require that auditors obtain an understanding of the internal control process and assess control risk in financial statement audits. For a financial statement audit, internal control is defined as a process which is designed to provide reasonable assurance that objectives regarding the reliability of financial reporting, the effectiveness and efficiency of operations, and the compliance with applicable laws and regulations are achieved. The internal control process consists of five components. They are the *control environment*, *risk assessment*, *information and communication*, *monitoring*, and *control activities*.

The *control environment* sets the tone of the organization and is the foundation for all other components of internal control. The collective effect of various important factors defines the *control environment*, which in turn establishes, enhances, or mitigates the effectiveness of policies and procedures. These important factors include the entity's organizational structure and methods of assigning authority and responsibility.

The *risk assessment* is the entity's identification and analysis of relevant risks to the achievement of its objectives, and forms a basis for determining how the risks should be managed.

*Information and communication* are the identification, capture, and exchange of information in a form and time frame that enables people to carry out their responsibilities.

*Monitoring* is a process that assesses the quality of internal control performance over time.

## **Report on Compliance and on Internal Controls Over Financial Reporting**

*Control activities* are the policies and procedures that help ensure management directives are carried out. These policies and procedures may be classified as:

- Authorization
- Segregation of duties
- Documentation
- Physical safeguards
- Independent checks and balances.

Our audit disclosed no significant deficiencies or material weaknesses that, in our opinion, pose a significant risk to the *Register* or the County of Chester. Additionally, our observations and testing revealed no audit findings in any of the areas tested.

This report is intended for the information of the Chester County Commissioners and the Chester County Court of Common Pleas. This report is, however, a matter of public record and its distribution is not limited.



Valentino F. DiGiorgio, III  
Controller

**COUNTY OF CHESTER**  
**OFFICE OF THE REGISTER OF WILLS/CLERK OF ORPHANS' COURT**  
**SUMMARY OF EXIT CONFERENCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

An exit conference was not warranted for the audit of the Register of Wills / Clerk of Orphans' Court. Register of Wills Paula Gowen has accepted the report as presented.