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Performance Audit Report

**RECORDS
IMPROVEMENT AND
AUTOMATION FUND**

As of June 30, 2020

**Office of the Controller
County of Northampton
Pennsylvania**



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March 17, 2021

Members of the Northampton County Council
Lamont G. McClure, Jr., County Executive
County of Northampton, Pennsylvania

We have completed an audit of the County's Records Improvement and Automation Fund as of June 30, 2020.

The Executive Summary on page 1 summarizes the audit results, while the Audit Results section provides a detailed explanation.

We acknowledge the cooperation and assistance we received from all related Departments. Their help was essential to the performance of this audit.

Management did not request an exit conference to discuss the draft audit report however their response is included in the Audit Results section of the report.

Very truly yours,

Tony E. Bassil
County Controller

Paul L. Albert, CIA
Lead Auditor

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EXECUTIVE SUMMARY

The County's Records Improvement and Automation Fund (Fund) includes a collection of smaller funds, including one that may be used to fund records improvement and automation countywide – the County Improvement Fund. User fees charged in the Recorder of Deeds Division, and the Register of Wills and Orphans' Court Divisions finance this fund. The only stipulation is that the County's Comprehensive Records Management Plan (Plan) governs the expenditures. That Plan outlines the County's plans/goals for record retention and management, and is twenty years old. The outdated Plan contains goals that were either attained or are no longer applicable, and references technology that is not current. It is important that a collaborative effort be made by the Records Improvement Committee to review and update the Plan to meet current and future needs of the County. (Audit finding A-1, page 6)

Along with the need for an updated Plan, we found that:

- The unused fund balance from the Recorder of Deeds Improvement Fund was properly transferred to the County Improvement Fund.
- All expenditures other than two from the County Improvement Fund complied with the Fund's individual rules and regulations. (Audit finding A-1, page 6)
- Fees were properly charged, collected and credited to the proper fund. However, the Register of Wills fee schedule was not correct. (Audit finding A-2, page 8)

INTRODUCTION

The County maintains a Special Revenue Fund titled Records Improvement and Automation. It contains smaller funds or sub-funds that pertain to records improvement and automation, along with a few other funds that were created for non-related purposes. The combined fund balance as of 6/30/20 was \$847,043. The following sub-funds along with their respective fund balances as of 6/30/20 were open during the audit period:

- **County Records Improvement Fund – \$292,522.** This is primarily funded through a fee collected by the Recorder of Deeds, with separate fees also charged by the Register of Wills and Orphans' Court. Funds must be expended for the purpose of countywide record improvement in accordance with the County's Plan developed by the County Records Improvement Committee. This committee was formed to comply with the state statute which established the fund (Title 42 P.S. § 21052.1) in 2002.
- **Deeds Records Improvement Fund – \$17,775.** This is also funded through a fee collected in the Recorder of Deeds office. (A \$5.00 fee is collected for documents recorded. Three dollars is retained in the Recorder of Deeds Fund and \$2.00 is remitted to the County Records Improvement Fund.) Per State statute, these moneys are to be used for the improvement of records in the Recorder of Deeds Division only. The unused fund balance in the Deeds Records Improvement Fund after four years is transferred to the County Records Improvement Fund, with the last transfer occurring effective 12/31/18.
- **Civil Automation Fund – \$121,008.** This was established by State statute Title 42 P.S. § 21071.2, which authorizes a fee not to exceed \$5.00 for the initiation of any action or legal proceeding. Fees may be used solely for the purpose of automation in the office of the Prothonotary.
- **Criminal Automation Fund – \$115,392.** This was established by State statute Title 42 Pa. C.S.A. § 1725.4. As with the Civil Automation Fee, this is charged for the initiation of any action or legal proceeding and is not to exceed \$5.00. Fees may only be used for the purpose of automation in the office of the Clerk of Courts – Criminal.
- **Register of Wills Automation Fund – \$22,416.** State statute Title 42 P.S. § 21022.1 allowed that the Register of Wills may establish, increase, decrease, etc. fees with the approval of the President Judge and thereafter by the Register of Wills and President Judge. Unlike the other offices that charge a fee based on the initiation of any action or legal proceeding, this fee is only charged on a limited number of transaction types and the fee is either \$1 or \$2.

- **Orphans' Court Automation Fund – \$6,300.** State P.L.372, No.85 allowed the Clerk of Orphans' Court to establish, increase, decrease, etc. fees and charges with the approval of the President Judge. Like the Register of Wills Automation fee, this fee is only charged on a limited number of transaction types and is only \$1.
- **Coroner Vital Statistics Improvement Fund – \$260,032.** This is an annual allocation from the State based on the number of deaths in a County in the prior calendar year. The source of the revenue is fees charged by the State. Coroners must use the funds for the purposes of laboratory or necropsy room modernization and other types of equipment used in forensic investigation.
- **Elections Automation Fund – \$0.** This fund was created to account for funds received and expended under the 2018 HAVA Election Security Grant. The \$341,971 in funds received were expended on voting equipment that complied with the State's voting system directives.
- **Sheriff Grants Fund – \$11,598.** This was a grant in which the County participated in 2012; the grant was received by the Allentown Police Department from the Federal Government in conjunction with the Public Safety Partnership and Community Policing Grants offered by the Community Oriented Policing Services (COPS) Office. The original grant was for \$800,000. Allentown kept 5% of the grant and the rest was split between Lehigh County (54%) and Northampton County (46%). Northampton County ultimately received \$349,500. For Northampton County, the stated intent was to use the grant to create a countywide intelligence-led policing portal to analyze crime and intelligence data. There was no revenue or expenditure activity in this fund during the audited period.

PURPOSE AND SCOPE

This Fund is audited periodically to determine compliance with laws and regulations, and to verify that internal controls are in place and working properly.

The following components of internal control were considered significant to the audit objectives, and were therefore assessed, and as appropriate based on risk, tested:

- That fees were properly charged and credited to the proper fund.
- That expenditures complied with program guidelines and regulations.

Our scope included activity in the Fund from January 2019 through June 2020.

METHODOLOGY

Our methodology included:

- Reviewing the prior audit and audit finding.
- Interviewing management to gain an understanding of the process – how fees are collected and how the funds may be spent.
- Reviewing applicable laws and regulations.
- Running reports from ONESolution for all of the sub-funds to determine which had revenue or expenditure activity during the 18-month audit period.
- Reviewing the process for transferring the unspent Deeds Improvement Fund fund balance to the County Improvement Fund.
- Running a Disbursement by Vendor within Fund report from ONESolution for all sub-funds that had expenditures and then reviewing those expenditures for propriety.
- Testing a sample of fees collected in each of the offices to verify that they agreed to the office fee schedule and were deposited to the proper account.
- Discussing the County's current and future records management needs, along with the Plan, with the County's Archives Officer.

Our review included an assessment of internal controls in the audited areas. Any significant findings related to internal controls are included in the Audit Results section of the report.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a

reasonable basis for our findings and conclusions based on our audit objectives.
We believe that the evidence obtained provides a reasonable basis for our
findings and conclusions based on our audit objectives.

AUDIT RESULTS

Section A – Compliance

1. County Comprehensive Records Management Plan

OBSERVATION

Five expenditures made from the County Records Improvement Fund for scanning or scanning related equipment did not comply with the County's Plan. The Plan refers to microfilming as a method to preserve permanent records but does not mention scanning or electronic technology. State statute 42 P.S. § 21052.1(c) pertaining to the Fund states, "Funds deposited in the County Records Improvement Fund shall be expended in accordance with a comprehensive records management plan..."

Twenty years ago, the County's Records Improvement Committee developed the Plan that County Council then approved. The mission of the Plan was "to promote and support effective record keeping, encourage economy and efficiency in creation, storage, use, retention and disposition of records, and ensure retention and use of archival records, all in accordance with guidelines established by the Federal and State Statutes, the Supreme Court of Pennsylvania and the Pennsylvania Historical and Museum Commission".

A great deal of focus in the Plan was on microfilming because, at the time, permanent records could only be stored in original or microfilm form. It wasn't until the County Records Manual was updated in April 2017 that a third method of permanent retention was accepted by the State – electronic format, and this included scanning. However, the Plan was never updated to reflect the third method of record retention.

RECOMMENDATION

Many years have passed since the Plan was developed and it needs to be updated. In 2000, the County was renting storage facilities for their records and we now have an Archives building. Goals and objectives that were originally prioritized may no longer be applicable. New technology and other updates documented in the County Records Manual should be reflected in a new Plan. It is important that the County's Records Improvement Committee, who have not met since 2010, reconvene to review and update the Plan for the future.

MANAGEMENT RESPONSE

Stephen J. Barron, Jr., Director of Fiscal Affairs

The County Administration agrees with the recommendation of the County Controller's Office, and will convene the Records Improvement Committee in the near future at an agreeable time to all members. We will begin the process of reviewing the policies and procedures of the spending of these funds in relation to the preservation of county documents and business records.

2. Register of Wills Fee Schedule

OBSERVATION

Fees charged for three of six receipt transactions tested in the Register of Wills Division did not agree to the fee schedule. Research done by the Register of Wills determined that the fees charged were correct, but the current fee schedule was not correct. She determined this probably occurred the last time the schedule was updated to reflect a change in State fees.

County Council approves new fees or changes to fees by Resolution and an office's fee schedule should agree to them. An incorrect fee schedule could cause someone to mail a payment that is not correct because the payment amount was based on the fee schedule posted on the office's webpage.

RECOMMENDATION

We recommend that the fee schedule be corrected as soon as possible and that those posted on the Internet or other locations be updated.

MANAGEMENT RESPONSE

Gina X. Gibbs, Register of Wills / Clerk of Orphans' Court

The Register of Wills' fee schedule was updated on 1/13/2021 to accurately reflect the Automation fee charges for Exemplified copies.

ISSUES RESOLVED DURING FIELDWORK

The following area needing corrective action was identified through testing and was corrected before the audit was completed.

1. Authorized Signers List

OBSERVATION

We noted through testing that the Director of Fiscal Affairs, who was not an authorized signer for the County Improvement Fund cost center in 2019, authorized two invoices for payment during that year. The Director of Court Services was the only authorized signer during 2019.

CORRECTIVE ACTION TAKEN

The authorized signer list was updated in 2020 to include the Director of Fiscal Affairs as the authorized signer for the County Improvement Fund cost center.