



COUNTY OF DELAWARE

Independent Auditor's Report for the period
January 1 to December 31, 2023

Register of Wills Custodian Fund

Joanne Phillips, Esq., Controller
COUNTY OF DELAWARE

County of Delaware
Register of Wills, Clerk of Orphans' Court

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Independent Auditor's Report

Hon. Vincent A. Rongione Esq.
Register of Wills, Clerk of Orphans' Court
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201 W. Front St., Media PA 19063

Report on the Financial Statements

Opinion

We have audited the accompanying cash basis financial statements of the Office of the Register of Wills, Clerk of the Orphans' Court (Register) as of and for the year ended December 31, 2023, which comprise the statements of assets and liabilities arising from cash transactions and the related statements of receipts, disbursements, and cash balances (the "financial statements") and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Register as of December 31, 2023, and its cash receipts, disbursements, and cash balances for the year then ended, 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 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 Statements section of our report. We are required to be independent of the Register 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 Matters - Basis of Accounting and Not Full County of Delaware Financial Statements

We draw attention to the basis of accounting described under Management's Responsibility for the Financial Statement section. The financial statements were prepared by the Register 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.

As discussed in Note 1, the financial statements present only the activity of the Register and do not purport to, and do not, present fairly the financial position or results of operations of the County of Delaware, for the year ended December 31, 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

The Register's management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by *GAS*, 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Register's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 are 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, misrepresentations, or the override of 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 statements.


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 statements, 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 statements;
- 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 the Register'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 statements; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Register'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, Internal Audit has also issued a separate report dated March 6, 2025 on our consideration of the Register's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Register's internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Register's internal control over financial reporting and compliance.



Joanne Phillips, Esq.
Controller

March 6, 2025

Office of the Register of Wills, Clerk of Orphans' Court
County of Delaware, Pennsylvania
Statement of Assets and Liabilities - Cash Basis
For the period January 1 to December 31, 2023

Assets:		
Cash in Bank Operating Account		\$926,681
Due from County:		
Electronic Copies Fees		\$18,918
Estate and Refunds		\$1,830
Total Assets		\$947,429
Liabilities:		
Due to County:		
County Fees		\$816,912
Commonwealth Fees		\$2,381
Inheritance Tax Commission		\$32,991
Credit Card and Other Fees		\$92,136
Due to Register of Wills:		
Computer Fees		\$2,615
Due to Orphans' Court:		
Computer Fees		\$396
Total Liabilities		\$947,429

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

Office of the Register of Wills, Clerk of Orphans' Court
County of Delaware, Pennsylvania
Statement of Receipts and Disbursements - Cash Basis
For the period January 1 to December 31, 2023

Receipts		
County Fees		\$2,002,694
Commonwealth Fees		\$164,733
Inheritance Tax Commission		\$477,072
Electronic Copies Fees		\$140,111
Credit Card and Other Fees		\$2,221
Row Computer Fees		\$44,132
OC Computer Fees		\$7,844
Total Receipts		\$2,838,805
Disbursements		
County Fees		\$3,009,248
Commonwealth Fees		\$163,922
Inheritance Tax Commission Paid		\$699,973
Electronic Copies Fees		\$252,365
Estate and Refunds		\$468
Row Computer Fees		\$67,158
OC Computer Fees		\$12,042
Total Disbursements		\$4,205,176
Excess of cash disbursement over cash receipts		(\$1,366,370)
Cash in bank at December 31, 2022		\$2,293,051
Cash in bank at December 31, 2023		\$926,681

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

Office of the Register of Wills, Clerk of Orphans' Court
County of Delaware, Pennsylvania
Notes to Financial Statements
For the period January 1 to December 31, 2023

Note 1 - Summary of Significant Accounting Principles

Background and Reporting Entity

The financial transactions in the Office of the County of Delaware (County) Register of Wills, Clerk of Orphans' Court (Register) is custodial in nature. The Register collects the following fees and taxes: inheritance taxes for the Commonwealth of Pennsylvania Department of Revenue (Commonwealth); marriage license fees and taxes for the Commonwealth; Orphans' Court fees for both the County and Commonwealth; and Register of Wills, Clerk of Orphans' Court fees for both the County and Commonwealth. Inheritance taxes are deposited directly into a bank account held by the Commonwealth. All other fees and taxes collected are deposited into the Register's bank account. The Register office is responsible for remitting these collections to the County Treasurer and/or the Pennsylvania Department of Revenue. Commissions on inheritance taxes are remitted by the Commonwealth to the Register; electronically into the Register's operating bank account. The Register issues checks for these inheritance taxes from the operating bank account to the Treasurer's Office for deposit into the County's General Fund.

Rachel Ezzell Berry served as the Register of Wills, Clerk of Orphans' Court starting in March 2020 until December 31, 2023 while Vincent A. Rongione has served as Register of Wills, Clerk of Orphans' Court since January 1, 2024.

The Register acts as a conduit for the Commonwealth of Pennsylvania, the County, and the citizens it serves to collect fees related to Register. Consequently, the Register's cash balance at any point in time represents undisbursed funds to one (or all) of these parties with the exception of the automation fund. 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 through the County's General Fund. These costs include the salaries and wages of Register employees, fringe benefits, office rent, postage, telephone, office supplies, computer use, and furniture and equipment. These costs are not included in the audited Statement of Receipts and Disbursements.

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.

Financial Reporting Entity

This report is intended to represent only those transactions for the administration and services delivered by the Register of Wills, Clerk of Orphans' Court (Register). This report is not intended to represent the financial position or results of operations of the County or to encompass all County receipt and disbursement activity.

Note 2 - Fees Collected and Automation Fund

The receipts under the Register of Wills, includes monies collected on behalf of the County and for the Commonwealth. The monies collected for the Commonwealth includes the following taxes and fees: a) Inheritance taxes represent inheritance filed with Register of Wills and b) Judicial Computer Systems represent a \$40.25 fee imposed for the initiation of any civil action or legal proceeding, including the filing of petitions for grants of letters, and first filing in petitions concerning adoptions, incompetent estates, minor estates, and intervivos trusts. The Orphan's Court collects monies on behalf of the Commonwealth the following: a) Marriage License tax of \$0.50 and a Marriage License Application Surcharge of \$10 on all marriage licenses filed with Orphan's Court and b) \$13 fee for the issuance of a marriage license (of which \$.50 goes to Commonwealth while \$12.50 goes to County).

The Register established a new fund pursuant to the Court of Common Pleas, Pennsylvania Orphans' Court Division Fee Bill: 42 P.S. 21022.1 and 210321.1. To bring the Register into line with the automation/modernization efforts of the other court-related offices, a \$10.00 automation fee was charged on all initial filings. Effective February 1, 2023 the fee increased from \$10.00 to \$15.00. The fees collected under this automation fund are used by the Register solely for the purpose of automation, computerization, and document reproduction within the offices of same.

The Register accepts ordering of copies and processing of credit card payments online for both marriage records and probate records. The Register utilizes the CountyFusion Recording System (CountyFusion), an online record management system and marriage/civil union license kiosk. This system provides online capabilities to search recorded records and purchase copies. For 2023, the CountyFusion processed 12,090 transactions and generated for County Fees a total amount of \$2,218,550.98 composed of County Fees, Register of Will Fees, and Orphans' Court Fees.

The disbursement of County Fees of \$3,009,248 is the net amount after deduction of the Due From County of \$96,695. This \$96,695 was derived by the reconciliation of 2023 County Fees receipts (from CountyFusion) and disbursements (checks issued against the Operating Account).

Revenue from Electronic Copies (E-Copies) was processed via Converge Payment Gateway, a platform enabling payment acceptance through debit and credit cards, PayPal, electronic checks, and digital wallets.

The amounts received from "Credit Card and Other Fees" originate from two sources: a) additional credit card fees amounting to \$1,821.50, which were credited in the bank balance; and b) other online transaction fees and refunds amounting to \$599.82 which were credited in the bank balance.

County commissions derived from Inheritance Tax were directly credited to the Register's account by the Commonwealth Department of Revenue.

Payments for filing fees were done through the Administrative Office of Pennsylvania Courts (AOPC) Guardianship Tracking System (GTS). Under the AOPC GTS, payment of any associated fees is accepted at the time a filing is submitted and may be made with a Visa, MasterCard, Discover, American Express, or ATM card. Upon the completion of a filing, it will be transmitted to the applicable court for processing.

Note 3 - Court Ordered Escrow

In the matter of contested estates, the Clerk of Orphans' Court is required to hold any collected funds in escrow until they are released by order of the court. The Clerk of Orphans' Court is permitted by statute, court-approved fee schedule, and court order to deduct poundage fees on any monies held in escrow. The

estate escrow is held as certificates of deposit or in a separate money market account titled to the name of the estate. The escrow continues to earn interest until the court orders distribution of the funds. There were no contested estates wherein escrow was held by order of the court during 2023.

Note 4 - Inheritance Taxes

The Register of Wills, Clerk of Orphans' Court (Register) collected inheritance taxes in the amount of \$95,119,251.64 and processed 4,422 transactions during the period ending December 31, 2023, which is not reflected in the financial schedules. The Register deposits all inheritance tax payments into the Commonwealth's account daily. The Register received commissions in the total amount of \$477,072 for inheritance tax collections in 2023. These amounts are included as due to the County on December 31, 2023.

Note 5 - Custodial Credit Risk

A governmental entity in Pennsylvania may deposit its monies in a financial institution only if the financial institution pledges collateral for the deposit to the extent the deposit exceeds the Federal Deposit Insurance Corporation (FDIC) insurance limits. This requirement applies to any public deposits, including, for example, deposits in a checking or savings account and certificates of deposit. The Pennsylvania Legislature enacted Act 72 in 1971 (PA Act 72), and amended it in 2000, to enable financial institutions to pledge collateral on a pooled basis to secure public deposits in excess of the FDIC insurance limits.

The Register's policy for minimizing credit risk for bank balances exceeding Federal Deposit Insurance Corporation's insured limits relies upon PA Act 72. For deposits, custodial credit risk is the risk that in the event of bank failure, the Register's deposits may not be recovered. As of December 31, 2023, the Register's average daily balance of \$1.672 million, exceeded the individual account limits covered by the FDIC of \$250,000. The Register's cash balance on December 31, 2023, was \$926,680.82.



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

March 6, 2025

Hon. Vincent A. Rongione Esq.
Register of Wills and Clerk of Orphans' Court
County of Delaware
201 W. Front St., Media PA 19063

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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of assets and liabilities arising from cash transactions as of December 31, 2023, and the related statement of cash receipts, disbursements, and cash balances for the year then ended and the related notes to the financial statements of the Register of Wills, Clerk of Orphans' Court (Register) and have issued our report thereon dated March 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Register's internal control over financial reporting (internal control) as a basis for designing our 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 the Register's internal control. Accordingly, we do not express an opinion on the effectiveness of the Register's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 a 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. We consider the following deficiencies in internal control to be a material weakness:

Need to improve financial reporting

As a part of the audit process, the auditors prepared the financial schedules from information provided by the Register of Wills, Clerk of Orphans' Court (Register). The financial schedules were subsequently reviewed by management to ensure that the data was accurately presented. However, at the time of the audit, management did not have a process in place to ensure that it can produce complete cash basis financial schedules without the assistance of an auditor. As such, there is a risk that the financial schedules prepared by management would not contain all cash receipts collected by the Register. For example, the Register provided the auditor with schedules of County Fees, that does not tally or cannot be identified against the subsidiary ledger and source documents. Payments to the County were also untimely. The auditors needed to perform a detailed tracing and reconstruction of entries to reconcile payments on previous year collections. Furthermore, the cash receipts collected through online credit card payments were maintained in a separate system that was not reconciled with the general ledger. In addition, the Register received inheritance tax commissions from the Commonwealth throughout the year, which was also not included within the general ledger detail.

Need to establish balancing and reconciliation procedures

Monthly bank to book reconciliations should be performed regularly and accurately to identify any variances. These reconciliations must account for all receipts and disbursements involving the Commonwealth and County, with adjustments promptly recorded and corrections made in a timely manner. Management approval is essential for finalizing reconciliations. However, reconciliations in 2023 were not performed, leading to unidentified variances and unaccounted funds. Key issues include:

- Check processing: Out of 70 checks issued in 2023, 65 were cleared, 5 were cancelled, and 33 checks totaling \$1.935 million were issued in October 2023. Notably 6 checks issued on October 20, 2023 totaling \$292,992.58 were categorized as County Fees adjustments (January 2023 to June 2023), but lacked detailed supporting documents and approvals;
- General Fund variances: Fifteen remittances totaling \$3,014,146.30 could not be reconciled with the recorded receipts due to incomplete documentation and schedule inconsistencies; and
- Discrepancy in check #1295: The bank validated the check amount as \$1,202,837.56 but the Register incorrectly recorded \$1,262,837.96. The error was corrected on January 6, 2023, by adjusting \$60,000 without adequate explanation.

Need to improve accountability over custodial funds

Effective internal accounting controls require that the ending adjusted bank balance is reconciled with liabilities monthly, and discrepancies are promptly investigated and resolved. Key issues identified include:

- Inadequate fund accountability: The Operating Account, serving as an escrow account for the County and Commonwealth, failed to align funds on hand with unpaid obligations. As of

December 31, 2023, account balances exceeded recorded obligations by \$9.27 million, with an average idle balance of \$1.672 million;

- Lack of review for cancelled checks: No formal procedures existed for reviewing cancelled checks or verifying electronic records for irregularities. For example, 70 checks were issued in 2023, with 5 checks (totaling \$.9 million in County fees) cancelled without documented approval; and
- Incomplete reconciliations for online transactions: Reconciliations were insufficient to ensure proper recording and timely transmission of credit card and online transactions to the appropriate entities. For instance, 12,090 deposit transactions totaling \$2.218 million were processed, including \$405,175.73 in credit card and online transactions, but these were neither reconciled nor transmitted timely to the County and Commonwealth.

These issues highlight the need for enhanced controls over custodial funds.

We recommend that the Register of Wills, Clerk of Orphans' Court's management:

1. develop procedures to ensure: a) the accuracy of transactions, verified against source documents at the end of the business day; and b) the timely posting of transactions in the subsidiary and general ledger (SAP);
2. perform monthly bank to book reconciliations to promptly identify and correct errors;
3. coordinate with the Treasurer's and Controller's Offices to reconcile all accounts and post necessary adjustments in a timely manner;
4. verify all deposits to ensure completeness and accuracy;
5. develop procedures to ensure that payments to the County are accurate and reviewed by designated individual for completeness;
6. establish procedures to ensure timely transfers of funds to the County and Commonwealth; and
7. document and formally approve the review and reconciliation of bank accounts.

An exit conference was held with the Register on July 31, 2024 and the Register expressed full agreement with the above cited audit recommendations.

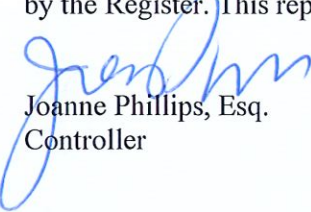
Management's response: "After being officially sworn into office on January 26th, 2024 and considering the devastating effects of the global COVID-19 pandemic on the previous few years' operations, the new Register and management team have undertaken a complete review of all accounts, internal controls, processes, and procedures. This ongoing effort has identified the concerns expressed here by the Auditor, and comprehensive corrective action is already underway. Since the finding, we have met internally with both the Controller and Treasurer's offices. We have also engaged an independent business process consultant to ensure immediate implementation of thorough written policies, procedures, and internal controls. A post pandemic reconciliation is scheduled for completion in the coming weeks, and we are confident that the new procedures and controls will result in all liabilities listed being equal to the adjusted end of month balance and disbursed to the appropriate agencies in a timely manner going forward."

The Register's written responses to the material weakness and other matters identified in our audit have not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on 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 for the information of the County of Delaware Council, County of Delaware Court of Common Pleas, the Auditor General of Pennsylvania, and all other political affiliates served by the Register. This report is, however, a matter of public record, and its distribution is not limited.



Joanne Phillips, Esq.
Controller