



Lancaster County Prothonotary Audit Report

For the period of January 1, 2022, through December 31, 2022



Lisa K. Colón
Lancaster County Controller

Lancaster County Prothonotary Audit
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For the period January 1, 2022, through December 31, 2022

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Controller's Office

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Controller

Lisa K. Colón

November 8th, 2023

Andrew Spade, Prothonotary
50 N. Duke St.
Lancaster, PA 17603

Dear Andrew Spade:

Attached is the audit report for the Lancaster County Prothonotary Audit as prepared by the Lancaster County Controller's Office. The examination period for the audit procedures were performed covering the period between January 1, 2022, through December 31, 2022. The Controller's Office tested and audited the financial and procedural affairs pertaining to the Prothonotary's revenues and expenses incurred, in accordance with applicable *Generally Accepted Accounting Principles* ("GAAP"), *Generally Accepted Accounting Standards* ("GAAS"), and applicable State and local laws and regulation.

While conducting our audit, we noted findings, and/or issues of non-compliance that allows opportunity for strengthening internal controls and operating efficiency. They are presented within the report under *Audit Summary of Facts*.

Please note, it is the responsibility of the Prothonotary and office management to ensure compliance with any and all applicable State and local laws and regulations, as well as County policy in place. We do not express an opinion or provide any assurance on the information examined because the limited procedures executed do not provide us with sufficient evidence to express an opinion.

The Controller's Office acknowledges the cooperation and commitment of the Prothonotary and his office in assisting with this audit. Your help and the help of your staff were instrumental to the performance and completion of this audit in a timely manner.

This report is intended for the information and use of the Prothonotary's Office and its management and is not intended to be and should not be used by anyone other than the specified party without consent. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

Lisa K Colón
Lancaster County Controller
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Lancaster County Prothonotary Audit
Relevant Audit Notes
For the period January 1, 2022, through December 31, 2022

Note A – PROTHONOTARY MISSION STATEMENT

The mission of the Lancaster County Prothonotary is to fulfill the statutory responsibilities in as efficient, cost-effective manner as possible, while focusing on providing exemplary customer service and utilizing automation to achieve both efficiencies as well as improved public access to the civil record of the court¹.

Note B – DESCRIPTION OF PROTHONOTARY

The Lancaster County Prothonotary, located on the second floor of the Lancaster County Courthouse at 50 N. Duke Street in the City of Lancaster, is responsible for the recording and filing of legal papers for the civil side of the court system. These legal papers and documents can include topics and issues such as accepting passport applications, administering oaths, appeals, change of names, civil actions, conducting ceremonies for naturalization, custody, divorce, issuing certificates, judgments, mechanical/ municipal/ county/ state/ federal income tax liens, mental commitments, mortgage foreclosures, petitions for opening ballot boxes on recounts, power of attorney registrations, protection from abuse, quiet titles, school audit reports, and treasurer sale deed records.

The Prothonotary is Andrew E. Spade and the Chief Deputy Prothonotary is Lori C. Groff. Prothonotary Andrew E. Spade has been serving since January 2020, since being elected in the municipal election of November 2019.

Note C – SCOPE AND PROCEDURES OF AUDIT

The period of review is January 1, 2022, through December 31, 2022.

The Controller's Office obtained a full understanding of the controls in place, their functions, control operators and the level of segregation surrounding the financial affairs and the laws, codes, and rules that govern the Lancaster County Prothonotary.

A selection of revenues and expenditures were selected for testing. The Controller's Office selected 12 dates, one date from each month of 2022, nine expenditures, and six automation fund expenditures were selected to test. The sample size was made accordingly to minimize sampling risk to the lowest level and ensure each item of the population had a fair and equal chance of selection.

Note D – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Prothonotary's Office reports on the cash-basis of accounting. Under the cash basis of accounting, revenues are recognized when received and expenses are recognized when the disbursements are made. The internal audit was performed in accordance with applicable

¹ [Prothonotary | Lancaster County, PA - Official Website](#)

Lancaster County Prothonotary Audit
Relevant Audit Notes (*continued*)
For the period January 1, 2022, through December 31, 2022

Note D – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards (GAAS).

Note E – OBJECTIVES OF AUDIT

The overall objective of the internal audit was to determine the control effectiveness and accuracy of the financial affairs and operations of the Lancaster County Prothonotary, and adherence to laws, codes, and rules. This includes:

- Ensuring the control environment is effective
- Ensuring expenditures are legitimate, properly recorded and made in accordance with policy
- Ensuring revenues are complete, accurate and properly recorded
- Identifying any indication of error, fraud, or abuse

Note F – OBSERVATIONS, FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

The Controller reported certain observations and findings along with recommendations for improvement as a result of the examination performed over internal audit of the Lancaster County Prothonotary. The Prothonotary provided responses to these observations and findings. The sections detailing both follow this note.

Lancaster County Prothonotary Audit
Audit Findings & Observations
For the period January 1, 2022, through December 31, 2022

This section of the report presents the findings and observations that resulted from our audit procedures. A finding may be a result of an underlying control deficiency, whether evaluated on an individual basis or in the aggregate. As such, to determine their impact to the audit objective, the magnitude of impact, likelihood of occurrence and the nature of the deficiency should be carefully considered, if a deficiency exists. Following the findings and observations, we provide recommendations to correct the described occurrences.

Finding #1: Lack of Approval for Revenues and Expenditures

Background:

The Interdepartmental Receipt Form (IDRF) is used as a means for receipting monies collected by County of Lancaster departments. Upon completion, the preparer of the IDRF shall obtain proper approval from a different office employee with whom has the proper authority. The form is then submitted to the Lancaster County Controller's and Treasurer's Offices. Utilizing the IDRF, the monies are receipted on the County's financial system, PeopleSoft. Additionally, the County of Lancaster utilizes a Voucher Form for expenditures. The Voucher Form is routed to the Controller's Office for payment once proper approval has been obtained by an employee other than the preparer, with whom holds the proper authority.

Description:

While performing the Revenues Test of twelve daily IDRF'S, the Controller's Office identified an IDRF which did not have proper approval. Sample 262, IDRF#07052022-1 was prepared and approved by the same Prothonotary employee. During inspection of the expenditures selected, the Controller's Office identified sample numbers six, twenty, fifty-five, seventy-one, eighty-six, and ninety-six were prepared by and approved by the same Prothonotary employee. A lack of separation of responsibilities may lead to a higher risk of an error or inaccuracy in the receipted monies (IDRF) and expenditures (Voucher Forms) to occur or be detected, as well as increasing the risk for fraud.

Finding #2: Court Filing Fees not Deposited in a Timely Manner

Background:

The Prothonotary's Office is responsible for receiving monies and entering them into Teleosoft, the Prothonotary's software system to record payments for civil court filings such as divorce and custody matters, and mortgage diversion programs. Individuals have the ability to file documents either in office or online via File & Serve. Payments can be made by cash, credit card, money order, or ACH. For cash payments, the monies are to be deposited the day of the filing. For credit card, money order, and ACH payments they are to be deposited the following business day.

Lancaster County Prothonotary Audit
Audit Findings & Observations (*continued*)
For the period January 1, 2022, through December 31, 2022

Finding #2: Court Filing Fees not Deposited in a Timely Manner (*continued*)

Description:

During our examination of the Prothonotary's deposit ledgers, the Controller's Office identified twenty-six court cases in which the monies were not deposited within the appropriate time frame. A grace period of five business days was granted to allow the Prothonotary's Office to deposit monies received for court filings. These five business days granted were to account for any holidays, weekends, and weather closings. Our Revenue Test identified 26 receipts deposited between a range of six to nine business days from the date of the court filing. Subsequently, this delay in deposits reflects untimely deposits of monies received. Not only were these monies deposited late, but these occurrences were also not followed up on, which is a leading cause for potential fraud.

Observation #1: Filing Types not Traceable to the Fee Bill

Background:

Accessible on the Lancaster County Prothonotary's website is the current fee bill, which is a detailed listing of fees for court filings accepted at the Prothonotary's Office. The fee bill is updated as changes to fees are announced or on a yearly basis. Details regarding what portion of each fee are allocated among differing agencies and organizations within the county and state are listed on the fee bill.

Description:

The Controller's Office identified one filing type on the deposit ledger which was not traceable to the most current fee bill. The filing type being a miscellaneous filing. This fee occurred twice during the sampling period. Once on May 24th, 2022, for \$24.00, and also on December 9th, 2022, for \$13.50. While the details regarding the allocation of each fee is not necessary, having a complete itemized list of all the fees incurred is ideal for transparency.

Lancaster County Prothonotary Audit
Audit Responses
For the period January 1, 2022, through December 31,2022

Based on the Audit Findings & Observations section of this report, the Controller's Office provides an opportunity for management to respond to audit findings and/or observations. This section represents the responses from the Prothonotary's Office to the findings, as deemed necessary, identified in the previous section. This audit report was made available to the Prothonotary's Office on October 10th, 2023.

A. Department Response to Finding #1: Lack of Approval for Revenues and Expenditures

Our general practice is to have a second deputy or the Prothonotary sign the report instead of the preparer. However, at times a second individual is not available. Particularly in the case of the deposit, this is done so that we can do the daily deposit. Efforts will be made to limit these circumstances.

Controller's Office Response:

The Controller's Office reaffirms the finding and acknowledges the Prothonotary's Office's prompt response to address this issue.

B. Department Response to Finding #2: Court Filing Fees not Deposited in a Timely Manner

These deposits were largely coming from one department. The issue was a combination of a backlog and how the filings were processed. Changes have been made in how these cases are processed, as well as assigning additional staff to the processing of the filings, in order to eliminate the delay in deposits.

Controller's Office Response:

The Controller's Office reaffirms and commends the Prothonotary's prompt response in addressing the issue with timely deposits.

C. Department Response to Observation #1: Filing Types not Traceable to the Fee Bill

Our fee bill does have a miscellaneous listing of \$24.00 for fees not otherwise included in the fee bill. As for the \$13.50 fee, the fee bill does have that fee for Satisfactions; it is possible that it was classified as miscellaneous in error. In October 2023 we increased the fees collected by the office. Efforts were made to clarify several fees. In addition, our fee bill is significantly more transparent than most counties, specifically setting forth the breakdown of the fees rather than just listing a total fee.

Lancaster County Prothonotary Audit
Audit Responses (*continued*)
For the period January 1, 2022, through December 31, 2022

C. Controller's Office Response:

The Controller's Office acknowledges the response provided to the observation noted in the report.

Lancaster County Prothonotary Audit
Audit Recommendations
For the period January 1, 2022, through December 31, 2022

Based on identified audit findings, observations and management's responses, the Controller's Office provides the following recommendations to correct and improve such described occurrences listed in the preceding section.

Finding #1: Lack of Approval for Revenues and Expenditures

Controller's Recommendation

The Controller's Office recommends a segregation of duties between the preparer and approver of IDR's and voucher forms, ensuring there is oversight of monies being receipted and expensed. Additionally, this will ensure that revenues and expenses are recorded accurately and completely.

Finding #2: Court Filing Fees not Deposited in a Timely Manner

Controller's Recommendation

The Controller's office recommends the Prothonotary staff enter monies received for court filings into Teleosoft as they receive them, rather than as a "batch" towards the end of each day. By entering monies as they are received, the office stands to prevent monies from being deposited in an untimely manner.

Lancaster County Prothonotary Audit
Audit Summary of Facts
For the period January 1, 2022, through December 31, 2022

We have performed procedures to assist in evaluating an effective control environment, proper use of expenditures, properly recorded revenues to the County, adherence to policies and procedures and identify any occurrences or indications of error, fraud or abuse. The procedures of this internal audit were conducted for the period January 1, 2022, through December 31, 2022.

Reportable conditions involved issues coming to our attention relating to significant deficiencies or non-compliance that could adversely affect the Prothonotary financial records. These conditions could adversely affect their ability to record and report financial data consistent with standards described by the Prothonotary, their Deputy and/or those in charge of financial affairs of the Prothonotary. While conducting our audit, we noted findings and observations which are described in the Audit Findings and Observations Section.

We sampled revenues and expenditures for the scope of the audit, testing the effectiveness of controls in place. Furthermore, the distribution of fees accepted for court filings were reviewed to verify that monies were distributed according to the current fee bill at the time of testing.

AP details, invoices, purchase orders, interdepartmental receipt forms, and voucher request forms were items accessible to the Controller's Office. Additional information required was provided by the Prothonotary to perform the audit. For all further inquiries and questions relating to the audit testing, the Controller's Office contacted the Prothonotary.

Procedures in evaluating internal controls included obtaining an understanding of the financial affairs of the Prothonotary (which includes the nature, objectives, applicable policies, and procedures) and assessing areas with higher risk of error (i.e., coding expense accounts, improper use of funds, compliance to policies and procedures, etc.) and any fraud.

The inherent limitations of any internal control structure and environment may cause errors, irregularities, or inconsistencies to occur and/or not be detected. Our testing would not necessarily disclose all matters of the internal control structure that might be reportable conditions. Included in our audit, we have reported at least one finding during the performance of the audit.

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 manner. 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 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 by those charged with governance.

Lancaster County Prothonotary Audit
Audit Summary of Facts (*continued*)
For the period January 1, 2022, through December 31, 2022

The Controller's Office identified poorly designed and/or ineffective controls, resulting in Finding #1. Six voucher forms and one IDRF were created and approved by the same individual. Upon inspection of the Authorized Signature Sheet the Controller's Office determined that the individuals are authorized to sign off on expense reports, check requests, payroll reports, purchase order approval section, and petty cash checks, thus, their signatures of approval were authorized; however, to reduce the risk of error or fraud, forms should not be prepared and approved by the same employee.

The Controller's Office identified poorly designed and/or ineffective controls, resulting in Finding #2. As part of the Revenues Test the Controller's Office inspected the deposit ledgers to verify the date the court documents were filed in Teleosoft and the date receipts were deposited. Our testing revealed that twenty-six cases were not deposited within a proper timeframe, ranging from six to nine business days. Although receipts were still deposited, the primary concern was that the office was not able to detect a late deposit of a receipt, which may lead to a higher risk for fraud.

In future audits, we will continue to re-evaluate the internal control to ensure that policies and procedures do not become inadequate or ineffective because of changes in conditions or design.

We conducted our audit to obtain a reasonable understanding about whether the accounts tested are free of material misstatement. We did not express an opinion or provide any assurance on the information examined because the limited procedures executed do not allow us sufficient evidence to express an opinion.

Lancaster County Prothonotary Audit
Controller's Office Summary
For the period January 1, 2022, through December 31, 2022

We are pleased with the work the Lancaster County Prothonotary is continuing to perform. We believe the Prothonotary will continue to demonstrate efficient and effective operations. This is a direct result of Andrew Spade, Lancaster County Prothonotary; Lori Groff, Deputy Prothonotary, and their dedicated staff's willingness to enact our recommendations and positive changes to ensure improvement is attributed in every aspect of the Prothonotary's functions. We are pleased that the Lancaster County Prothonotary was devoted to ensuring the completion of the Lancaster County Prothonotary Audit for the calendar year 2022.