

COMPLIANCE AUDIT

Recorder of Deeds Lackawanna County, Pennsylvania For the Period January 1, 2020 to December 31, 2023

October 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable Pat Browne
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have conducted a compliance audit of the Recorder of Deeds, Lackawanna County, Pennsylvania (Office), for the period January 1, 2020 to December 31, 2023, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d).

The objective of the audit was to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted and to provide a report to the Department of Revenue to allow the Department of Revenue to state and settle the Office's account. Our audit was limited to areas related to the objective identified above and was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

The Office is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted. The Office is also responsible for complying with those laws and regulations. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

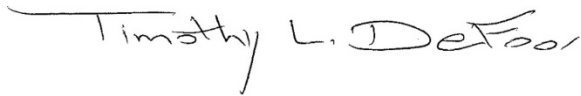
Based on our audit procedures, we conclude that, for the period January 1, 2020 to December 31, 2023, the Office, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted, except as noted in the finding listed below and discussed later in this report.

- Inadequate Accountability Over Funds Held In Escrow.

This report includes a summary of the Office's receipts and disbursements of funds collected on behalf of the Commonwealth (summary). We obtained data representing the Office's receipts and disbursements from the Pennsylvania Department of Revenue, which obtains data from each of the Commonwealth's recorder of deeds offices and used the data to create the summary in the format required by the Department of Revenue. We also evaluated the accuracy of the data as part of our audit to conclude on the Office's compliance with certain state laws and regulations as described in the previous paragraph. Any adjustments that we considered necessary based on our audit work are disclosed in the *Proposed Audit Adjustments* line of the summary; however, the scope of our audit does not include the issuance of an opinion on the accuracy of the amounts reported in the summary.

The purpose of this report is to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted. This report is not suitable for any other purposes.

The contents of this report were discussed with the Office's management. We appreciate the courtesy extended to us by the Lackawanna County Recorder of Deeds during the course of our audit. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive, flowing style.

Timothy L. DeFoor
Auditor General
October 1, 2025

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RECORDER OF DEEDS
LACKAWANNA COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

The Department of Auditor General is mandated by Article IV, Section 401(b) and (d) of *The Fiscal Code* (Act of April 9, 1929, P.L.343, No. 176), to audit the accounts of each county office to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted.

Recorder of Deeds receipts consist of monies collected on behalf of the Commonwealth. These include monies collected for the following taxes and fees:

- The Pennsylvania Realty Transfer Tax is a documentary stamp tax of 1 percent on the value of the interest in real property transferred by deed.
- Writ Taxes of \$.50 imposed on various types of documents and a \$10 tax on notary public commissions processed through the office.
- Judicial Computer System/Access To Justice Fees represent a \$40.25 fee imposed for each filing of deeds in any form, mortgages, mortgage assignments, mortgage releases, mortgage satisfaction pieces, installment sales agreements, leases for a term of 30 years or longer, and easements.

Total disbursements for the audit period are as follows:

Realty Transfer Taxes

Deposits into the Department of Revenue's
cash management account

\$ 41,949,212

The Recorder of Deeds participates in the Department of Revenue's cash management system for Realty Transfer Taxes. Under this system, the "Agent" deposits Realty Transfer Tax collections to a local account approved and established in the name of the Department of Revenue, thereby eliminating the need for the agent to issue a check to disburse these taxes. This balance reflects a summary of monthly transmittal reports provided by the Department of Revenue. The balance does not reflect an adjustment disclosed by our audit.

RECORDER OF DEEDS
LACKAWANNA COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

Writ Taxes And Judicial Computer System/Access To Justice Fees

Recorder of Deeds checks issued to:

Department of Revenue	<u>\$ 3,426,956</u>
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This balance reflects a summary of monthly transmittal reports provided by the Department of Revenue.

Evelyn Rafalko McNulty served as Recorder of Deeds during the period January 1, 2020 to December 31, 2023.

The summaries of receipts and disbursements provide a summary of receipts and disbursements by category. The categories and the amounts of taxes and fees assessed are based on Pennsylvania laws and regulations.

The summaries were prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Revenue. Under this method, only the Commonwealth portion of cash receipts and disbursements are presented, revenues are recognized when received, and expenditures are recognized when paid.

Proposed Audit Adjustment - Realty Transfer Taxes

The \$1,980 proposed audit adjustment reflects a deposit correction from November 2019, which was resolved in February 2020.

RECORDER OF DEEDS
LACKAWANNA COUNTY
REALTY TRANSFER TAXES
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

Receipts:

Realty Transfer Taxes	\$ 42,375,907
Commissions	<u>(423,759)</u>
Net Receipts	41,952,148
Disbursements to Commonwealth	<u>(41,949,212)</u>
Balance due Commonwealth (County) per Department of Revenue data	2,936
Proposed audit adjustments	<u>(1,980)</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2020 to December 31, 2023	<u><u>\$ 956</u></u>

RECORDER OF DEEDS
LACKAWANNA COUNTY
WRIT TAXES AND JUDICIAL COMPUTER SYSTEM/ACCESS TO JUSTICE FEES
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

Receipts:

Writ Taxes	\$ 62,103
Judicial Computer System/Access To Justice Fees	<u>3,366,657</u>
Total Receipts	3,428,760
Commissions	<u>(1,863)</u>
Net Receipts	3,426,897
Disbursements to Commonwealth	<u>(3,426,956)</u>
Balance due Commonwealth (County) per Department of Revenue data	(59)
Proposed audit adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2020 to December 31, 2023	<u><u>\$ (59)</u></u>

RECORDER OF DEEDS
LACKAWANNA COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

Finding - Inadequate Accountability Over Funds Held In Escrow

Our audit disclosed that there was no accountability over undisbursed funds. There was an adjusted book balance of \$1,436,440 in the Recorder of Deeds account as of December 31, 2023, without a corresponding liabilities report indicating to whom the monies were due.

Good internal accounting control procedures ensure that the ending adjusted bank balance is reconciled with liabilities on a monthly basis, and any discrepancies are immediately investigated and resolved. Since the office bank account is essentially an escrow account on behalf of the Commonwealth, County, and other participating entities, all available funds on hand should equal unpaid obligations.

The office staff stated that the computer system utilized by the office is not set up to provide liability reports.

Without a good system of internal controls over funds held in escrow, the possibility of funds being lost or misappropriated increases significantly.

Recommendations

We recommend that the office should attempt to identify all existing liabilities associated with the office bank account and take appropriate action. Any unidentified funds should be accounted for under normal escheat procedures. Furthermore, we recommend that the office should ensure that reconciled cash equals unpaid obligations monthly.

Management's Response

The county officer responded as follows:

I am now aware of the finding and will work with our software company to update the systems to abide by recommendations.

Auditor's Conclusion

We appreciate the office's effort to correct the issue. During our next audit, we will determine if the office complied with our recommendations.

RECORDER OF DEEDS
LACKAWANNA COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

This report was initially distributed to:

The Honorable Pat Browne
Secretary
Pennsylvania Department of Revenue

The Honorable Andrea Tuominen
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable Evelyn Rafalko McNulty
Recorder of Deeds

The Honorable Gary A. DiBileo
Controller

The Honorable Bill Gaughan
Chairperson of the Board of Commissioners

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.