



**PROTHONOTARY  
PERRY COUNTY  
EXAMINATION REPORT  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2012**

**COMMONWEALTH OF PENNSYLVANIA**

**EUGENE A. DEPASQUALE - AUDITOR GENERAL**

**DEPARTMENT OF THE AUDITOR GENERAL**



Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
Facebook: Pennsylvania Auditor General  
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EUGENE A. DePASQUALE  
AUDITOR GENERAL

### Independent Auditor's Report

The Honorable Daniel P. Meuser  
Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of the Prothonotary, Perry County, Pennsylvania (County Officer), for the period January 1, 2006 to December 31, 2012, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d). This Statement is the responsibility of the county office's management. Our responsibility is to express an opinion on this Statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. An examination includes examining, on a test basis, evidence supporting the Statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We are mandated by Sections 401(b) and 401(d) of *The Fiscal Code* to audit the accounts of each county officer to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported and promptly remitted. *Government Auditing Standards* issued by the Comptroller General of the United States include attestation engagements as a separate type of audit. An attestation engagement performed pursuant to *Government Auditing Standards* involves additional standards that exceed the standards provided by the American Institute of Certified Public Accountants. Accordingly, this attestation engagement complies with both *Government Auditing Standards* and Sections 401(b) and 401(d) of *The Fiscal Code*.

## Independent Auditor's Report (Continued)

In our opinion, the Statement referred to above presents, in all material respects, the operations of the County Officer as it pertains to receipts made on behalf of the Commonwealth for the period January 1, 2006 to December 31, 2012, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Statement and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Statement is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County Officer's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the County Officer's Statement that is more than inconsequential will not be prevented or detected by the County Officer's internal control. We consider the deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statement:

- Inadequate Accountability Over Undisbursed Funds - Recurring.
- Inadequate Internal Controls Over Receipts.
- Inadequate Internal Controls Over Manual Receipts.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the County Officer's internal control. Our consideration of the internal control over reporting on the Statement would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider all of the significant deficiencies described above to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Independent Auditor's Report (Continued)

We are concerned in light of the office's failure to correct a previously reported finding regarding the inadequate accountability over undisbursed funds. During our current examination the office failed to have adequate accountability over undisbursed funds, had inadequate internal control over receipts, and had inadequate internal controls over manual receipts. The office should strive to implement the recommendations and corrective actions noted in this report.

This report is intended solely for the information and use of the Pennsylvania Department of Revenue, the Administrative Office of Pennsylvania Courts, and the County Officer and is not intended to be and should not be used by anyone other than these specified parties.



June 20, 2014

**EUGENE A. DEPASQUALE**  
Auditor General

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PROTHONOTARY  
PERRY COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2012

Receipts:

Writ Taxes	\$	3,352
Divorce Complaint Surcharges		10,390
Judicial Computer System/Access To Justice Fees		94,247
Protection From Abuse Surcharges and Contempt Fines		600
Criminal Charge Information System Fees		<u>4,609</u>
Total Receipts (Note 2)		113,198
Commissions (Note 3)		<u>(100)</u>
Net Receipts		113,098
Disbursements to Commonwealth (Note 4)		<u>(113,208)</u>
Balance due Commonwealth (County) per settled reports (Note 5)		(110)
Examination adjustments		<u>171</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2006 to December 31, 2012	\$	<u><u>61</u></u>

Notes to the Statement of Receipts and Disbursements are an integral part of this report.

PROTHONOTARY  
PERRY COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2012

1. Criteria

The Statement of Receipts and Disbursements provides a summary of receipts and disbursements by category. The categories and the amounts of taxes, surcharges, fines, and fees assessed are based on Pennsylvania laws and regulations.

The Statement was 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.

2. Receipts

Receipts consist of monies collected on behalf of the Department of Revenue and the Administrative Office of Pennsylvania Courts. These include monies collected for the following taxes, surcharges, fees, and fines:

- Writ Taxes represent a \$.50 or \$.25 tax imposed on taxable instruments filed with the Prothonotary.
- Divorce Complaint Surcharges represent a \$10 surcharge imposed on all divorce decrees.
- Judicial Computer System/Access To Justice Fees represent a \$10 fee imposed for the filing of any legal paper to initiate a civil action or proceeding. These fees were increased to \$23.50 for the period December 8, 2009 to December 31, 2014.
- Protection From Abuse Surcharges represent a \$25 surcharge imposed against defendants when a protection order is granted as a result of a hearing. Effective May 9, 2006, the surcharge was increased to \$100. Protection From Abuse Contempt Fines represent fines of not less than \$100 nor more than \$1,000 imposed against a defendant who is found to be in violation of a protection from abuse order. Effective May 9, 2006, the fine was increased to a minimum of \$300 and maximum of \$1000.

PROTHONOTARY  
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NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
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2. Receipts (Continued)

- Criminal Charge Information System Fees represent a fee imposed on all custody cases. Of the fee imposed, 80% is payable to the Administrative Office of Pennsylvania Courts (AOPC) and 20% is payable to the County in which the action took place. The fee was \$6.50 for the period January 1, 2006 to December 31, 2007, \$7.00 for the period January 1, 2008 to December 31, 2010, and \$7.50 for the period January 1, 2011 to December 31, 2013. The statement of receipts and disbursements only reflects the portion collected on behalf of the AOPC.

3. Commissions

Acting in the capacity of an agent for the Commonwealth, the Prothonotary is authorized to collect a commission of 3 percent on the Commonwealth portion of Writ Taxes. Accordingly, commissions owed the county are not included in the balance due the Commonwealth.

4. Disbursements

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$ 108,599
Adminstrative Office of Pennsylvania Courts	4,609
Total	\$ 113,208

5. Balance Due Commonwealth (County) For The Period January 1, 2006 To December 31, 2012

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects a summary of receipts disbursed directly to the Administrative Office of Pennsylvania Courts.

PROTHONOTARY  
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NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
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6. County Officer Serving During Examination Period

Brenda J. Albright served as Prothonotary during the period January 1, 2006 to December 31, 2012.

PROTHONOTARY  
PERRY COUNTY  
EXHIBIT 1  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2012

Exhibit 1 - Schedule Of Reporting Errors And Examination Adjustments

<u>Month</u>	<u>Day</u>	<u>Year</u>	<u>Examination Adjustments</u>	<u>Explanation</u>
2		2006	20.00	Computer system incorrectly coded JCP fees.
1		2008	90.00	Computer system incorrectly coded JCP fees.
7		2008	60.00	Computer system incorrectly coded JCP fees.
2		2010	.50	Computer system incorrectly coded one writ tax.
			170.50	

PROTHONOTARY  
PERRY COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2012

Finding No. 1 - Inadequate Accountability Over Undisbursed Funds - Recurring

We cited the office for inadequate accountability over undisbursed funds in the two prior examinations, with the most recent for the ending December 31, 2005. However, our current examination found that the office did not correct this issue. Once again, our examination disclosed that there was no accountability over undisbursed funds. Undisbursed receipts were not reconciled properly with the ending cash balance on a monthly basis. At December 31, 2012, funds on hand exceeded recorded obligations by \$17,162.34.

This condition existed because the office ignored our prior to examination recommendations and failed to establish and implement an adequate system of internal controls over undisbursed funds.

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.

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

Recommendation

Once again, we strongly recommend that office 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 ensure that reconciled cash equals unpaid obligations monthly.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the office comply with our recommendation. During our next examination we will determine if the office complied with our recommendation.

PROTHONOTARY  
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FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
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Finding No. 2 - Inadequate Internal Controls Over Receipts

Our examination of the accounting records for the office disclosed the following deficiencies in the internal controls over receipts:

- Of 70 receipts tested, 11 were not receipted on the same day as collected. The time lapse from the date of collection to the subsequent date on the receipt ranged from 2 days to 17 days.
- We found that the office's accounting records and the validated deposit slip did not match in three of the deposits tested. The office included additional, larger cash bills with the daily deposit and these extra funds were recorded on the deposit slip. The bank would exchange the larger bills for smaller bills and then return the extra cash funds to the person making the deposit for return to the office. The extra funds were placed in the cashier's drawer to be used for making change.
- There were 6 out of 70 cash receipts tested that had a mix of cash and checks recorded on the deposit slips that did not agree with the mix of cash and checks recorded on the accounting records.
- The office's computer system incorrectly coded several JCP and writ tax fees. The errors caused the office's monthly collections reports that were submitted to the Department of Revenue to be underreported by \$170.50 from February 2006 to February of 2010.

A good system of internal controls ensures that:

- All monies collected are recorded on a receipt and deposited the same day as collected.
- Cash should not be added to the day's collections for change making purposes.
- The amount of each check and the total amount of cash deposited are identified on the deposit slip. The office copy of each deposit should be brought to the bank to be validated.
- The computer system should be designed to ensure that all collections are recorded and reported correctly.

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Finding No. 2 - Inadequate Internal Controls Over Receipts (Continued)

Without a good system of internal controls over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

These conditions existed because the office failed to establish adequate internal controls over its receipts.

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over receipts as noted above.

Management's Response

The County Officer responded as follows:

Deposit slips have been resolved, spoke to the Chief Deputy that change cannot be made via the bank.

Cash receipts that were tested shows in the system that there is an exception for no monies received and therefore, the receipt will only print cash with a zero amount.

The JCP and writ fee properly collects the amount to Department of Revenue the number of filings is what is off. The two reports are not communicating with each other so I therefore make it proper.

Auditor's Conclusion

During our next examination we will determine if the office complied with our recommendation.

PROTHONOTARY  
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FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
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Finding No. 3 - Inadequate Internal Controls Over Manual Receipts

Manual receipts are available to be issued in the event of a temporary power loss to the office's computer system. When the computer system is operating again, the manual receipt is replaced by an official computer-generated receipt and included in the daily receipts.

Our examination disclosed the following deficiencies in the internal controls over manual receipts.

Of 25 receipts tested, we noted the following:

- The date issued, source, method of payment, docket number, and/or remitter's name was/were not recorded on five manual receipts.
- There were 25 instances in which a receipt number was not generated by the office's computer system when the manual receipt information was entered.
- There were 17 instances in which the manual receipt number was not entered into the computer system when the corresponding computer receipt was generated.
- A manual receipt log was not maintained.

Good internal accounting controls ensure that:

- All required information is recorded on the manual receipt, including date issued, date filed, signature of the person receiving the payment, remitter name, docket number, payment source, and payment method.
- All computer generated receipts should be numbered in order to maintain an audit trail.
- A manual receipt log should be maintained to document information that is recorded on the manual receipt, including date issued, date filed, case number, signature of the person receiving the payment, remitter name, payment source, and payment method. This will provide an audit trail on the issuance of the manual receipt.
- Manual receipt numbers are entered in the manual receipt number field on the computer when the corresponding computer receipts are generated.

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FINDINGS AND RECOMMENDATIONS  
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Finding No. 3 - Inadequate Internal Controls Over Manual Receipts (Continued)

Without a good system of internal controls over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

Adherence to good internal accounting controls would have ensured adequate internal controls over receipts.

These conditions existed because the office failed to establish and implement an adequate system of internal controls over manual receipts.

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over manual receipts as noted above.

Management's Response

The County Officer responded as follows:

This office uses manual receipts only when the system is down and unavailable. In the past, the system could have been down for several days, which did not allow the receipts to be entered the same day as the filing. Day book shows manual receipts.

Auditor's Conclusion

During our next examination we will determine if the office complied with our recommendation.

PROTHONOTARY  
PERRY COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2012

This report was initially distributed to:

The Honorable Daniel P. Meuser  
Secretary  
Pennsylvania Department of Revenue

The Honorable Zygmunt Pines  
Court Administrator of Pennsylvania  
Supreme Court of Pennsylvania  
Administrative Office of Pennsylvania Courts

The Honorable Brenda J. Albright

Prothonotary

The Honorable John J. Amsler

Chairperson of the Board of Commissioners

This report is a matter of public record and is available online at <http://www.auditorgen.state.pa.us>. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: [news@auditorgen.state.pa.us](mailto:news@auditorgen.state.pa.us).