

# ATTESTATION ENGAGEMENT

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## Clerk of the Court of Common Pleas

Washington County, Pennsylvania

For the Period

January 1, 2009 to December 31, 2012

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December 2014



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • 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 Clerk of the Court of Common Pleas, Washington County, Pennsylvania (County Officer), for the period January 1, 2009 to December 31, 2012, pursuant to the requirements of Section 401(b) of *The Fiscal Code*, 72 P.S. § 401(b). The County Office's management is responsible for this Statement. 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 and, accordingly, included 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 Section 401(b) 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 Section 401(b) of *The Fiscal Code*.

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, 2009 to December 31, 2012, in conformity with the criteria set forth in Note 1.

## Independent Auditor's Report (Continued)

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Statement; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Statement. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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 internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

Our consideration of internal control over reporting on the Statement was for the limited purpose of expressing an opinion on whether the Statement is presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control over reporting on the Statement that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 Statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies listed below to be material weaknesses.

- Inadequate Accountability Over the Bank Account - Recurring.
- Inadequate Assessment Of Fines, Costs, Fees, And Surcharges - Recurring.
- Inadequate Segregation Of Duties - Recurring.

As part of obtaining reasonable assurance about whether the Statement is free from material misstatement, we performed tests of the County Office's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion.

Independent Auditor's Report (Continued)

We are concerned in light of the County Office's failure to correct the previously reported findings regarding inadequate internal controls over the bank account; inadequate segregation of duties; and inadequate assessment of fines, fees, and costs. During our current examination, inadequate internal controls over the bank account; inadequate segregation of duties; and inadequate assessment of fines, fees, and costs. The County 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.

We appreciate the courtesy extended by the Clerk of the Court of Common Pleas, Washington County, to us during the course of our examination. If you have any questions, please feel free to contact Michael B. Kashishian, CPA CGAP, CFE, Director, Bureau of County Audits, at 717-787-1363.



Eugene A. DePasquale  
Auditor General

September 2, 2014

CONTENTS

Page

Financial Section:

Statement Of Receipts And Disbursements..... 1

Notes To The Statement Of Receipts And Disbursements..... 2

Findings and Recommendations:

Finding No. 1 - Inadequate Accountability Over The Bank Account - Recurring..... 4

Finding No. 2 - Inadequate Assessment Of Fines, Costs, Fees, And Surcharges - Recurring ..... 7

Finding No. 3 - Inadequate Segregation Of Duties - Recurring ..... 9

Report Distribution ..... 11

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2012

Receipts:

Department of Transportation		
Title 75 Fines	\$	387,380
Overweight Fines		13,576
Department of Revenue Court Costs		92,634
Crime Victims' Compensation Costs		351,735
Crime Commission Costs/Victim Witness Services Costs		239,521
Domestic Violence Costs		18,489
Emergency Medical Services Fines		27,427
DUI - ARD/EMS Fees		39,529
CAT/MCARE Fund Surcharges		195,657
Judicial Computer System/Access to Justice Fees		158,448
Offender Supervision Fees		1,480,376
Constable Service Surcharges		2,292
Criminal Laboratory Users' Fees		28,148
Probation and Parole Officers' Firearm Education Costs		21,104
Substance Abuse Education Costs		152,350
Office of Victims' Services Costs		21,864
Miscellaneous State Fines and Costs		<u>355,199</u>
 Total receipts (Note 2)		 3,585,729
 Disbursements to Commonwealth (Note 3)		 <u>(3,585,729)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 -
 Examination adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2009 to December 31, 2012		 <u><u>\$ -</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2009 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 fines, costs, fees, and surcharges 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 are comprised of fines, costs, fees, and surcharges collected on behalf of the Commonwealth. These fines, costs, fees, and surcharges represent collections made on summary and criminal cases filed with the Clerk of the Court of Common Pleas' Office.

3. Disbursements

Total disbursements are comprised as follows:

Clerk of the Court checks issued to:

Department of Revenue	\$ 3,556,527
Office of Attorney General	112
Pennsylvania State Police	23,822
Department of Environmental Protection	13
Department of Transportation	4,954
Department of Veterans Affairs	<u>301</u>
Total	<u><u>\$ 3,585,729</u></u>

4. Balance Due Commonwealth (County) For The Period January 1, 2009 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 any receipts disbursed directly to other state agencies.

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2012

5. County Officer Serving During Examination Period

Barbara Gibbs served as the Clerk of the Court of Common Pleas for the period January 1, 2009 to December 31, 2012.



CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2012

**Finding No. 1 - Inadequate Accountability Over The Bank Account - Recurring**

We cited the office for inadequate accountability over the bank account in our prior two examinations, with the most recent examination for the period June 18, 2005 to December 31, 2008. Our current examination found that the office did not correct this issue.

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

- There were 731 outstanding (stale)<sup>1</sup> checks totaling \$26,135.04 dating from August 8, 2005 to June 25, 2012 that were still outstanding as of December 31, 2012. Included in the stale checks were six checks made payable to the Clerk of Courts totaling \$1,003.38.
- There was inadequate accountability over funds held in escrow. Funds on hand exceeded recorded obligations by approximately \$3,592.
- Bank reconciliations were not prepared accurately.
  - There was a \$1,246.83 difference between the reconciled bank balance and the book balance that could not be explained.
  - There were 16 credit adjustments totaling \$3,668, dating from December 8, 2010 to October 1, 2012, that were listed as outstanding on the December 31, 2012 monthly reconciliation report that should have been cleared.
  - A bank account adjustment of \$45,669.64 entitled “unknown recipient” existed at December 31, 2012.

These conditions existed because the office ignored our prior two examination recommendations and failed to establish and implement an adequate system of internal controls over the bank account.

A good system of internal accounting controls ensures that:

- Adequate procedures are established to follow-up on all outstanding checks. If a check is outstanding for over 90 days, efforts should be made to locate the payee. If efforts to locate the payee are unsuccessful, the amount of the check should be removed from the outstanding checklist, added back to the checkbook balance, and subsequently held in escrow for unclaimed escheatable funds.

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<sup>1</sup> A stale check is a check that was written at least six months ago and has not been cashed.

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2012

**Finding No. 1 - Inadequate Accountability Over The Bank Account - Recurring**  
**(Continued)**

- The ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Because the bank account of the office is essentially an escrow account on behalf of the Commonwealth, County and other participating entities, all available funds on hand should equal unpaid obligations.
- Bank statements are reconciled to the book balance on a monthly basis and any discrepancies are immediately investigated and resolved.

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

Recommendations

We again recommend that the office establish and implement a procedure to ensure outstanding checks are reviewed monthly to determine if there are any stale checks. The office should reinstate the amount of stale checks to the office's checking account and follow normal escheat procedures. We also again recommend that the office reconcile the books to the bank. We further recommend that the bank accounts should be reconciled to the liabilities at the end of each month and any discrepancies resolved.

Management's Response

The County Officer responded as follows:

All stale dated checks are being voided and all money, including our Unclaimed account, will be sent to the County Treasurer.

The \$1,003.38 was Non-Sufficient Funds checks that had already been distributed to the victim so we were unable to void them through the system and consequently made them [payable to] the Clerk of Courts [instead of] the victim in order to recover these funds to the account. These funds would then be forwarded to the proper depository from the outstanding monies due.

We will obtain a court order to remit the unidentified \$1,246.83 overage from the old computer system migration to the Treasurer. There was a period while utilizing the new computer system (that did not contain a "general ledger") that we were advised by another auditing entity that "Quick Books" would be an acceptable replacement.

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2012

**Finding No. 1 - Inadequate Accountability Over The Bank Account - Recurring  
(Continued)**

Management's Response (Continued)

The responsible party is making the proper adjustment to resolve the matter in total. We are working to eliminate the outstanding bail money report that did not convert through the two previous computer systems. Anything remaining will be added to computer system and the bond system will then be balanced through the system which will alleviate the issue. The process being utilized (manual procedure since 1990's) has reflected the same overage for a significant amount of time. The overage will be paid to the Treasurer via court order.

We will not be contacting individuals as to why they have not cashed a check. We are extremely busy, but we will follow the escheat procedure. I have contacted our Treasurer and Controller who have agreed to the transfer though it should be noted that several of the counties contacted do not follow this procedure as outlined.

Auditor's Conclusion

This is a recurring finding. It is imperative that the office take all steps necessary to comply with our recommendations. During our next examination we will determine if the office has complied with our recommendations.

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2012

**Finding No. 2 - Inadequate Assessment Of Fines, Costs, Fees, And Surcharges - Recurring**

We cited the office for inadequate assessment of fines, costs, fees, and surcharges in our prior examination for the period June 18, 2005 to December 31, 2008. During our current examination we found that the office did not correct this issue.

Our current examination disclosed the following discrepancies:

- Amber Alert System Costs were not always assessed as required by Title 35. We generated a population of 70 cases utilizing Audit Command Language software for which the Amber Alert System Costs should have been assessed. Of the 70 cases, there were 7 in which the costs were not assessed. Our review of the documentation for these seven case files revealed that the costs should have been assessed.
- DNA Costs were not always assessed as required by Title 44. We generated a population of 1,112 cases in which DNA Costs should have been assessed. Of the 1,112 cases, there were 62 cases in which the DNA costs were not assessed. We reviewed 5 of the 62 cases and confirmed that the costs should have been assessed.

These conditions existed because the office ignored our prior examination recommendation and failed to ensure that fines, fees, and costs were properly assessed.

The Clerk of Court indicated that, although the office was aware of laws and regulations regarding the proper assessment of Commonwealth fines, fees, and costs, there were, at times, errors made in assessing them.

The following state statutes address the assessment of fines, costs, fees, and surcharges that were not properly assessed:

- Title 35 P.S. § 7025.4 provides for the collection of the Amber Alert System Cost. Unless the court finds that undue hardship would result, in addition to any other cost imposed by law, a cost of \$25 shall automatically be assessed on each person convicted, adjudicated delinquent or granted accelerated rehabilitative disposition (ARD) of the offenses in 18 Pa.C.S. § 2901 - 2910.

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2012

**Finding No. 2 - Inadequate Assessment Of Fines, Costs, Fees, And Surcharges - Recurring  
(Continued)**

- Title 44 P.S. § 2322, specifies that all felonies, regardless of offense, and misdemeanors for § 2910 (relating to luring a child into a motor vehicle) and § 3126 (relating to indecent assault), authorizes the automatic assessment of a \$250 DNA cost when a DNA sample is taken.

The improper assessing of these costs and fees resulted in the defendant not being assessed the proper amount of costs and fees associated with the violation and/or a loss of revenue to the Commonwealth and County.

Recommendation

We again recommend that the office review the laws noted above to ensure that fines, costs, fees, and surcharges are assessed as mandated by law.

Management's Response

We continue to work with staff to ensure that the proper assessments are charged on all cases. It would be helpful if the Administrative Office of Pennsylvania Courts (AOPC) could find a way to “flag” an inappropriate charge on a case when the costs are being assessed. Some confusion [has been] caused by the change of additional charges that have been added to this legislation. Also, it is noted that on some of the cases indicated, the fee was, in fact, charged. If there were errors in the few case numbers provided that we checked, there could easily be additional errors on cases cited.

We are reviewing correct assessment procedures with all clerks though they are provided with an instructional sheet as well.

Auditor's Conclusion

This is a recurring finding. It is imperative that the office take all steps necessary to comply with our recommendation. During our next examination we will determine if the office has complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2012

**Finding No. 3 - Inadequate Segregation Of Duties - Recurring**

We cited the office for inadequate segregation of duties in our prior examination for the period June 18, 2005 to December 31, 2008. During our current examination we found that the office did not correct this issue.

Our examination disclosed that one employee in the office was responsible for performing the following functions:

- Opening mail.
- Collecting cash, entering collection information into the computer system, and issuing receipts.
- Summarizing accounting records.
- Making voided transaction adjustments.
- Preparing deposit slips.
- Reconciling collections to accounting records and/or receipts.
- Reconciling the validated deposit slip to accounting records as to the mix of cash and checks collected.

In addition, the office holder did not review any financial documents, other than daily deposits, on a regular basis.

This condition existed because the office ignored our prior audit recommendation and failed to establish and implement an adequate segregation of duties.

A good system of internal controls requires adequate segregation of duties.

In order to achieve adequate segregation of duties, one employee should not have custody of cash and at the same time maintain the accounting records for the cash. These duties should be segregated and rotated daily. As an alternative control, someone independent from maintaining the accounting records and handling cash should review the employee's work daily. The reviewer should sign and date the records and documents reviewed.

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2012

**Finding No. 3 - Inadequate Segregation Of Duties - Recurring (Continued)**

Without adequate segregation of duties, the possibility of funds being lost or misappropriated increases significantly.

Recommendation

We again recommend that the office provide for greater segregation of duties within the office. This can be done by cross-training personnel and rotating job functions that include the handling of cash and maintaining the accounting records for the cash. As an alternative and/or additional control, someone independent from the handling of cash and the accounting records should review the employee's work at the end of each day. The reviewer should sign and date the records and documents reviewed.

Management's Response

The County Officer responded as follows:

The bookkeeper will no longer void errors in payments or Non-Sufficient Funds checks. The bookkeeper currently does not balance the bank statements. She does though reconcile her daily reports to the prepared bank deposit. The deposit is made by another staff person. It was clearly stated that this was done by the First Deputy. A mitigating factor is that the Administrative Office of Pennsylvania Courts (AOPC) was notified several times that the privileges extended to those taking payments allows them also to void [transactions]. They said "that's just how it is." Also, the collections department handles approximately one-half of mail payments. We have advised our staff that only the Clerk and Deputy Clerks have voiding privileges. We have only a small number employees which causes overlapping of some functions.

Auditor's Conclusion

This is a recurring finding. It is imperative that the office take all steps necessary to comply with our recommendation. During our next examination we will determine if the office has complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2009 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

Mr. Thomas J. Dougherty  
Director  
Division of Grants and Standards  
Pennsylvania Board of Probation and Parole

The Honorable Barbara Gibbs	Clerk of the Court of Common Pleas
The Honorable Michael Namie	Controller
The Honorable Larry Maggi	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).