

ATTESTATION ENGAGEMENT

Clerk of the Court of
Common Pleas/Prothonotary/
Clerk of Orphans' Court/
Probation Department
Potter County, Pennsylvania
For the Period
January 1, 2009 to December 31, 2011

May 2015



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 Eileen McNulty
Acting Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statements of receipts and disbursements (Statements) of the Clerk of the Court of Common Pleas/Prothonotary/Clerk of Orphans' Court/Probation Department, Potter County, Pennsylvania (County Officers), for the period January 1, 2011 to December 31, 2013, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d). The County Officers' management is responsible for these Statements. Our responsibility is to express an opinion on these Statements 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 Statements 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*.

In our opinion, the Statements referred to above present, in all material respects, the operations of the County Officers as it pertains to receipts made on behalf of the Commonwealth for the period January 1, 2009 to December 31, 2011, 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 Statements; 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 Statements. 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 Statements are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on internal control over reporting on the Statements or on compliance and other matters; accordingly, we express no such opinions.

Our consideration of internal control over reporting on the Statements was for the limited purpose of expressing an opinion on whether the Statements are presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control over reporting on the Statements 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 Statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies listed below to be material weaknesses.

- Inadequate Internal Controls Over Manual Receipts - Clerk Of The Court Of Common Pleas, Prothonotary, Clerk Of Orphans' Court And The Probation Department - Recurring.
- Inadequate Internal Controls Over Receipts - Prothonotary And Clerk Of Orphans' Court/Probation Department.
- Inadequate Voided Receipt Procedures - Probation Department.

Independent Auditor's Report (Continued)

As part of obtaining reasonable assurance about whether the Statements are free from material misstatement, we performed tests of the County Officers' 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. The results of our tests disclosed the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

- Inadequate Assessment Of Fines, Costs, Fees, And Surcharges - Clerk Of The Courts Of Common Pleas.

We are concerned that the County Offices' failed to correct a previously reported finding regarding the inadequate internal controls over manual receipts. The County Offices once again failed to adequately maintain manual receipts and the corresponding receipt logs and failed to record manual receipt transactions timely. During our current examination, we noted that there were inadequate internal controls over manual receipts, inadequate internal controls over receipts, inadequate voided receipts procedures and inadequate assessment of fines, costs, fees and surcharges. These significant deficiencies could result in uncollected fines and increase the risk for funds to be lost or misappropriated. It is imperative that the County Offices 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 Officers 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/Prothonotary/Clerk of Orphans' Court, and Probation Department of Potter 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

December 16, 2014

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CLERK OF THE COURT OF COMMON PLEAS/PROBATION DEPARTMENT
POTTER COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

Receipts:

| | | |
|---|--------|----------------------|
| Department of Transportation | | |
| Title 75 Fines | \$ | 57,601 |
| Department of Revenue Court Costs | | 11,256 |
| Crime Victims' Compensation Costs | | 22,297 |
| Crime Commission Costs/Victim Witness Services Costs | | 14,743 |
| Domestic Violence Costs | | 3,303 |
| Emergency Medical Services Fines | | 4,803 |
| DUI - ARD/EMS Fees | | 3,174 |
| CAT/MCARE Fund Surcharges | | 32,790 |
| Judicial Computer System/Access to Justice Fees | | 11,942 |
| Offender Supervision Fees | | 70,778 |
| Constable Service Surcharges | | 85 |
| Criminal Laboratory Users' Fees | | 5,929 |
| Probation and Parole Officers' Firearm Education Costs | | 2,629 |
| Substance Abuse Education Costs | | 16,481 |
| Office of Victims' Services Costs | | 7,276 |
| Miscellaneous State Fines and Costs | | <u>45,029</u> |
| Total receipts (Note 2) | | 310,116 |
| Disbursements to Commonwealth (Note 4) | | <u>(310,116)</u> |
| Balance due Commonwealth (County) per settled reports (Note 5) | | - |
| Examination adjustments (Note 6) | | <u>-</u> |
| Adjusted balance due Commonwealth (County) for the period January 1, 2009 to December 31, 2011 | \$ | <u><u>-</u></u> |

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

PROTHONOTARY
POTTER COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

Receipts:

| | | |
|---|----|------------------|
| Writ Taxes | \$ | 10,817 |
| Divorce Complaint Surcharges | | 200,930 |
| Judicial Computer System/Access To Justice Fees | | 406,683 |
| Protection From Abuse Surcharges and Contempt Fines | | 1,225 |
| Criminal Charge Information System Fees | | <u>822</u> |
| Total Receipts (Note 2) | | 620,477 |
| Commissions (Note 3) | | <u>(324)</u> |
| Net Receipts | | 620,153 |
| Disbursements to Commonwealth (Note 4) | | <u>(620,153)</u> |
| Balance due Commonwealth (County) per settled reports (Note 5) | | - |
| Examination adjustments | | <u>-</u> |
| Adjusted balance due Commonwealth (County) for the period January 1, 2009 to December 31, 2011 | \$ | <u><u>-</u></u> |

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

CLERK OF ORPHANS' COURT
POTTER COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

Receipts:

| | | |
|---|----|-----------------|
| Marriage License Taxes | \$ | 175 |
| Marriage License Application Surcharges | | 3,490 |
| Marriage License Declaration Fees | | 3,490 |
| Judicial Computer System/Access To Justice Fees | | <u>2,927</u> |
| Total Receipts (Note 2) | | 10,082 |
| Disbursements to Commonwealth (Note 4) | | <u>(10,082)</u> |
| Balance due Commonwealth (County) per settled reports (Note 5) | | - |
| Examination adjustments | | <u>-</u> |
| Adjusted balance due Commonwealth (County) for the period January 1, 2009 to December 31, 2011 | \$ | <u><u>-</u></u> |

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

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
POTTER COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
JANUARY 1, 2009 TO DECEMBER 31, 2011

1. Criteria

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

The Statements 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.

2. Receipts

Clerk Of The Court Of Common Pleas/Probation Department

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.

Prothonotary

Receipts are comprised of taxes, surcharges, fees and fines 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.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
POTTER COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
JANUARY 1, 2009 TO DECEMBER 31, 2011

2. Receipts (Continued)

Prothonotary (Continued)

- 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 \$1,000.
- 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 \$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

Clerk Of Orphans' Court

Receipts consist of monies collected on behalf of the Commonwealth. These include monies collected for the following taxes, surcharges, and fees:

- The Marriage License Tax is a \$.50 tax on all marriage licenses filed with the Clerk of Orphans' Court.
- The Marriage License Application Surcharge is a \$10 surcharge imposed on all marriage license applications.
- The Marriage License Declaration Fees is a \$13 fee imposed for the issuance of a marriage license or declaration and for returns thereof to the Department of Health, \$2.50 of which shall be for the use of the county where the license is issued, and \$.50 for the use of the Commonwealth (Marriage License Tax), plus \$10 (Marriage License/Declaration Fees). The statement of receipts and disbursements only reflects the portion collected on behalf of the Commonwealth.

CLERK OF THE COURT OF COMMON PLEAS/
 PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
 POTTER COUNTY
 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
 JANUARY 1, 2009 TO DECEMBER 31, 2011

2. Receipts (Continued)

Clerk Of Orphans' Court (Continued)

- Judicial Computer System/Access To Justice Fees represent a \$10 fee imposed on all petitions for grant of letters, and first filings in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts. These fees were increased to \$23.50 for the period December 8, 2009 to December 31, 2014.

3. Commissions - Prothonotary

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

Clerk Of The Court Of Common Pleas

Total disbursements are comprised as follows:

Clerk of the Court checks issued to:

| | |
|-----------------------|-------------------|
| Department of Revenue | \$ <u>310,116</u> |
|-----------------------|-------------------|

Prothonotary

Total disbursements are comprised as follows:

Prothonotary checks issued to:

| | |
|---|------------|
| Department of Revenue | \$ 619,331 |
| Adminstrative Office of Pennsylvania Courts | <u>822</u> |

| | |
|-------|-------------------|
| Total | \$ <u>620,153</u> |
|-------|-------------------|

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
POTTER COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
JANUARY 1, 2009 TO DECEMBER 31, 2011

4. Disbursements (Continued)

Clerk Of Orphans' Court

Total disbursements are comprised as follows:

Clerk of Orphans' Court checks issued to:

| | |
|-----------------------|------------------|
| Department of Revenue | \$ <u>10,082</u> |
|-----------------------|------------------|

5. Balance Due Commonwealth (County) For The Period January 1, 2009 To December 31, 2011

Clerk Of The Court Of Common Pleas/Probation Department/Prothonotary

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 Orphans' Court

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue.

6. Payment On Prior Audit - Clerk Of The Court Of Common Pleas/Probation Department

During our prior audit, January 1, 2005 to December 31, 2008, we determined that there was a balance due to the Commonwealth of \$150. This balance due was paid to the Department of Revenue in November 2009.

7. County Officers Serving During Examination Period

Amy J. Moshier served as the Clerk of the Court of Common Pleas/Prothonotary/Clerk of Orphans' Court for the period January 1, 2009 to December 31, 2011.

John Moshier served as the Chief Probation Officer for the Period January 1, 2009 to December 31, 2011.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
PROBATION DEPARTMENT
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

**Finding No. 1 - Inadequate Internal Controls Over Manual Receipts - Clerk Of The Court
Of Common Pleas, Prothonotary, Clerk Of Orphans' Court And
Probation Department - Recurring**

We cited the issue of inadequate internal control over manual receipts in the two prior examination reports, with the most recent for the period January 1, 2005 to December 31, 2008. Our current examination found that the offices did not correct this issue.

The Clerk of the Court and Probation Department use the computerized Common Pleas Case Management System (CPCMS) for receipting funds. CPCMS manual receipts are available to be issued in the event of a temporary power loss to the offices' computer system. When the computer system is operating again, the downtime manual receipt is replaced by an official computer-generated receipt and included in the daily receipts. The Prothonotary and Clerk of the Orphan's Court offices use the Infocon computer system to record the receipt of funds.

Our examination disclosed that manual receipt procedures were not always followed. We noted the following:

Clerk of the Court/Probation Department

- There were 500 CPCMS manual receipts, numbered 41 to 540, which could not be located and were not available for our examination.
- There were 133 instances in which the CPCMS computer receipt was not generated timely after the issuance of the corresponding downtime manual receipt. The time lapse from the date of manual receipt to the corresponding computer receipt ranged from 2 days to 90 days.
- The manual receipt log sheets were not always available for review.
- Manual receipts were not issued in numerical sequence.

The Clerk of the Court stated that the CPCMS manual receipts and logs were given to the Probation Office for their use. The Probation office provides the manual receipts to probation officers for receipts collected during remote field visits with parolees. The Probation Department does not track the manual receipts and logs used by the probation officers.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
PROBATION DEPARTMENT
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

**Finding No. 1 - Inadequate Internal Controls Over Manual Receipts - Clerk Of The Court
Of Common Pleas, Prothonotary, Clerk Of Orphans' Court And
Probation Department – Recurring (Continued)**

In addition, our examination found that the Clerk of the Court, Prothonotary and Clerk of the Orphan's Court offices use hand written, pre-numbered receipts purchased at an office supply store to record the initial receipt of funds instead of entering collections directly into the computer system. The receipt of funds would be entered into the computer system at a later date. Office staff stated that they use these types of receipts in order to serve customers quickly. The offices do not issue the manual receipts in sequential order nor do they track the manual receipts.

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

Good internal accounting controls ensure that:

- Manual receipts are accounted for and maintained.
- Computer receipts are generated timely after the issuance of the corresponding manual receipts.
- Manual receipts are issued in numerical sequence.
- A manual receipts log is 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.

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.

Recommendation

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

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
PROBATION DEPARTMENT
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

**Finding No. 1 - Inadequate Internal Controls Over Manual Receipts - Clerk Of The Court
Of Common Pleas, Prothonotary, Clerk Of Orphans' Court And
Probation Department – Recurring (Continued)**

Management's Response

The County officer responded as follows:

I was not the elected official during this time period, so I cannot comment.

The Chief Probation Officer responded as follows:

The issue of the unavailability of manual receipts numbers 41 through 540 cannot be explained as they occurred during a time prior to the staff of this office having the capability of generating manual receipts. We have no record of having received the receipts in question and the number would exceed the need of the Department. We have made arrangements for maintenance of the manual receipt of payment log in a file for availability as noted previously and hope that this will be appropriate and sufficient in any future audits.

Manual receipts have been generated by the Common Pleas Criminal Court Case Management System (CPCMS) since our previous audit. Numerically numbered manual receipts are utilized by officers when accepting payment from an offender particularly when provided outside of the office setting. A series of twenty manual receipts are issued to each officer as needed, together with a manual receipt of payment log. The manual receipt of payment log includes a column for date, receipt number, docket number, amount, method check number, remitter, received by, initial and date entered into CPCMS and CPCMS receipt number. When an officer has exhausted the use of all receipts provided, another set is issued. The manual receipt of payment log is submitted by the officer for filing prior to the issuance of the next set of receipts together with another manual receipt of payment log.

Unfortunately, due to the number of individuals using manual receipts and the varied occasions upon which each officer is called upon to issue a manual receipt, they cannot be used in consecutive numerical order. As soon as payment and the manual receipt is received by the secretarial staff, a CPCMS computer receipt is generated, the payment is included in the daily bank deposit and a copy of the manual receipt and corresponding computer receipt is maintained in a separate file which, at the conclusion of the calendar year, is included in the annual receipt box for maintenance and is made available for audit.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
PROBATION DEPARTMENT
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

**Finding No. 1 - Inadequate Internal Controls Over Manual Receipts - Clerk Of The Court
Of Common Pleas, Prothonotary, Clerk Of Orphans' Court And
Probation Department – Recurring (Continued)**

Auditor's Conclusion

Although we recognize the Probation Office's concerns regarding issuing receipts in strict numerical sequence, it is the office's responsibility to ensure that all issued and unissued receipts are accounted for and available for examination. 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 complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
PROBATION DEPARTMENT
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

Finding No. 2 - Inadequate Internal Controls Over Receipts - Prothonotary, Clerk Of Orphans' Court And Probation Department

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

- Of 23 Probation Department deposits tested, 7 were not deposited on the same day as collected. The time lapse from the date of receipt to the subsequent date of deposit ranged from two days to six days.
- The office copy of the bank validated deposit slip was not retained in all 23 Probation Department deposits tested.
- There was 1 of the 23 Probation Department deposits in which the daily receipt totals did not agree with the validated deposit totals.
- There were 11 of the 54 Prothonotary/Clerk of Orphans Court deposits 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.
- There were 5 of the 54 Prothonotary/Clerk of Orphans Court deposits in which the daily receipt totals did not agree with the validated deposit totals. Four of the five deposits had a deposit amount that was less than the amount recorded as received and the remaining deposit had a deposit amount that was greater than the amount recorded as received.

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

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
PROBATION DEPARTMENT
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

Finding No. 2 - Inadequate Internal Controls Over Receipts - Prothonotary, Clerk Of Orphans' Court And Probation Department (Continued)

A good system of internal controls ensures that:

- All monies collected are deposited intact at the bank on the same day as collected.
- Receipts are recorded in the same manner as payments are received (i.e., cash, check, money order). Any discrepancies should be immediately investigated and resolved.
- 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, and the validated ticket should be maintained for audit.
- The mix of cash and checks per the daily receipt totals are in agreement with the mix of cash and checks per the deposit slip totals and any discrepancies should be immediately investigated and resolved.

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

Recommendations

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:

I was not the elected official during this time period, so I cannot comment.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
PROBATION DEPARTMENT
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

**Finding No. 2 - Inadequate Internal Controls Over Receipts - Prothonotary, Clerk Of
Orphans' Court And Probation Department (Continued)**

Management's Response (Continued)

The Chief Probation Officer responded as follows:

The Department has instituted daily a deposit prior to 2:00 p.m. of all money received throughout the day. No longer is night deposit being utilized. At the time of submitting the deposit the deposit book is provided to the bank who reconciles the cash and checks listed on the deposit slip with the amount received. The bank stamps the deposit book thereby validating the deposit, retaining the original deposit slip for their records. The Carbon copy of the validated deposit slip is returned to the individual submitting the deposit book to the bank who then initials the copy. In the event a deposit is submitted to the bank which cannot be validated due to a discrepancy in the cash and checks included on the deposit slip and the amounts submitted for deposit; an immediate investigation is commenced to rectify the discrepancy.

Only in instances where an officer of the Department receives a payment after deposit for that day has been processed should there be a discrepancy between the date of receipt and the date of deposit. This cannot be prevented as officers and staff receive money from offenders throughout the day including while contacting offenders outside of the office setting. Those collections occurring after time of deposit of the receipts for the day are included in the following business day's deposit.

Auditor's Conclusion

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

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
PROBATION DEPARTMENT
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

Finding No. 3 - Inadequate Voided Receipt Procedures - Probation Department

Our audit disclosed that proper voided receipt procedures were not always followed. Of 13 voided receipts tested, we noted the following:

- Seven receipts contained no documentation as to the reason the receipt was voided.
- One of the seven voided receipts could not be traced back into the computer system.

Good internal controls require that if a receipt must be voided, proper documentation be maintained to explain the reason for the void.

Without a good system of internal control over voids made by the office, the potential is increased that funds could be lost, stolen, or misappropriated. This condition existed because the office failed to establish and implement adequate voided receipt procedures.

Recommendations

We recommend that the office establish and implement procedures to ensure that voided receipts are properly accounted for and maintained. All voided receipts should have proper documentation explaining the reason for the void in order to ensure that funds are not lost, stolen or misappropriated.

Management's Response

The Chief Probation Officer responded as follows:

We concede the use of erroneous error as the basis for voided receipts in the past. As a result of discussion with the auditor, we are aware that we must be far more specific and detailed in the explanation and that the use of erroneous error is insufficient. The secretarial staff is aware of and understands the need to expand the explanation in the future should it be necessary to void a receipt.

Auditor's Conclusion

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

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
PROBATION DEPARTMENT
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

**Finding No. 4 - Inadequate Assessment Of Fines, Costs, Fees, And Surcharges - Clerk Of
The Court Of Common Pleas**

Our examination disclosed that the office did not assess certain fines, costs, fees, and surcharges as mandated by law. Of the 39 cases tested, we noted the following discrepancies:

- There were three cases in which the Emergency Medical Services (EMS) Fine was not properly assessed.
- There were three cases in which the Catastrophic Fund Surcharge was not properly assessed.
- There were nine cases in which the Criminal Justice Enhancement Account Fee was not properly assessed.
- There was two cases in which the DNA cost was not properly assessed.

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

- Title 35 P.S. § 6934 authorizes the collection for the Emergency Medical Services Fine.
- Title 75 Pa. C.S.A. § 6506(a) provides for the collection of the Catastrophic Fund Surcharge.
- Effective November 10, 2007, Title 42 Pa.C.S. § 3575 (b) provides for the collection of a \$50 Criminal Justice Enhancement Account (CJEA) Fee if a defendant accepts Accelerated Rehabilitative Disposition, is convicted of or enters a plea of guilt or nolo contendere for a felony, misdemeanor of the first degree or misdemeanor of the second degree as set forth in Title 18 PA.C.S. (relating to crimes and offenses), or is convicted of or enters a plea of guilt or nolo contendere for a violation of Title 35, Section 780-113(a)(16), known as The Controlled Substance, Drug, Device and Cosmetic Act.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
PROBATION DEPARTMENT
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

**Finding No. 4 - Inadequate Assessment Of Fines, Costs, Fees, And Surcharges - Clerk Of
The Court Of Common Pleas (Continued)**

- Effective January 31, 2005, 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.

These incorrect assessments occurred because the office was not aware or up-to-date on laws and regulations regarding the proper assessment of Commonwealth fines, costs, fees, and surcharges.

Recommendation

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

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/
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POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
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**Finding No. 4 - Inadequate Assessment Of Fines, Costs, Fees, And Surcharges - Clerk Of
The Court Of Common Pleas (Continued)**

Management's Response

The County officer responded as follows:

I was not the elected official during this time period, so I cannot comment

Auditor's Conclusion

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

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
POTTER COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

Summary of Prior Examination Recommendations

During our prior examination, we recommended that:

- The Clerk of Courts office deposits all receipts at the end of the day as required by good internal accounting controls.
- The Probation Department establishes and implements an adequate system of internal controls over manual receipts.

During our current examination, we noted that the office complied with our first bulleted recommendation. However, the office did not comply with our second bulleted recommendation. Please see the current year Finding No. 1 for additional information.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
POTTER COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

This report was initially distributed to:

The Honorable Eileen McNulty
Acting 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 Christopher B. Craig
Acting Pennsylvania State Treasurer
Treasury Department

| | |
|----------------------------------|---|
| The Honorable Kathleen Schroeder | Clerk of the Court of Common Pleas/ Prothonotary/Clerk of Orphans' Court |
| The Honorable John Moshier | Chief Probation Officer |
| The Honorable Stephen P.B. Minor | President Judge |
| The Honorable Douglas C. Morley | Chairperson of the Board of Commissioners |

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