

# ATTESTATION ENGAGEMENT

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## Clerk of the Court of Common Pleas/Prothonotary Venango County, Pennsylvania For the Period January 1, 2010 to December 31, 2012

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March 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, Venango County, Pennsylvania (County Officer), for the period January 1, 2010 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). The County Office's 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 Officer as it pertains to receipts made on behalf of the Commonwealth for the period January 1, 2010 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 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 deficiency listed below to be a material weakness.

- Inadequate Internal Controls Over The Bank Account - Clerk Of The Court Of Common Pleas/Prothonotary.

As part of obtaining reasonable assurance about whether the Statements are 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.

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.

Independent Auditor's Report (Continued)

We appreciate the courtesy extended by the Clerk of the Court of Common Pleas/Prothonotary, Venango 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.

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke at the end.

December 3, 2014

Eugene A. DePasquale  
Auditor General

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CLERK OF THE COURT OF COMMON PLEAS  
VENANGO COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2010 TO DECEMBER 31, 2012

Receipts:

Department of Transportation		
Title 75 Fines	\$	111,998
Overweight Fines		9,975
Department of Revenue Court Costs		37,384
Crime Victims' Compensation Costs		76,941
Crime Commission Costs/Victim Witness Services Costs		50,426
Domestic Violence Costs		11,130
Emergency Medical Services Fines		9,335
DUI - ARD/EMS Fees		9,689
CAT/MCARE Fund Surcharges		52,957
Judicial Computer System/Access to Justice Fees		39,615
Offender Supervision Fees		(1)
Constable Service Surcharges		302
Criminal Laboratory Users' Fees		38,686
Probation and Parole Officers' Firearm Education Costs		7,602
Substance Abuse Education Costs		59,472
Office of Victims' Services Costs		29,160
Miscellaneous State Fines and Costs		<u>144,488</u>
 Total receipts (Note 2)		 689,159
 Disbursements to Commonwealth (Note 4)		 <u>(689,109)</u>
 Balance due Commonwealth (County) per settled reports (Note 5)		  50
 Examination adjustments		  <u>-</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2010 to December 31, 2012	  \$	  <u><u>50</u></u>

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

PROTHONOTARY  
VENANGO COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2010 TO DECEMBER 31, 2012

Receipts:

Writ Taxes	\$	1,455
Divorce Complaint Surcharges		5,720
Judicial Computer System/Access To Justice Fees		99,070
Protection From Abuse Surcharges and Contempt Fines		1,225
Criminal Charge Information System Fees		<u>2,490</u>
Total Receipts (Note 2)		109,960
Commissions (Note 3)		<u>(44)</u>
Net Receipts		109,916
Disbursements to Commonwealth (Note 4)		<u>(109,941)</u>
Balance due Commonwealth (County) per settled reports (Note 5)		(25)
Examination adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2010 to December 31, 2012	\$	<u><u>(25)</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  
VENANGO COUNTY  
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2010 TO DECEMBER 31, 2012

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

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  
VENANGO COUNTY  
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2010 TO DECEMBER 31, 2012

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 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.

CLERK OF THE COURT OF COMMON PLEAS/  
PROTHONOTARY  
VENANGO COUNTY  
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2010 TO DECEMBER 31, 2012

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	\$ 686,913
Commonwealth of Pennsylvania	273
State Police	191
Board of Probation And Parole	242
Department of Transportation	1,068
Department of Human Services	225
Office of Inspector General	197
	<hr/>
Total	<u><u>\$ 689,109</u></u>

Prothonotary

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$ 107,451
Adminstrative Office of Pennsylvania Courts	2,490
	<hr/>
Total	<u><u>\$ 109,941</u></u>

5. Balance Due Commonwealth (County) For The Period January 1, 2010 To December 31, 2012

Clerk Of The Court Of Common Pleas

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/  
PROTHONOTARY  
VENANGO COUNTY  
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2010 TO DECEMBER 31, 2012

5. Balance Due Commonwealth (County) For The Period January 1, 2010 To December 31, 2012 (Continued)

Prothonotary

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

6. County Officer Serving During Examination Period

Peggy L. Miller served as the Clerk of the Court of Common Pleas/Prothonotary for the period January 1, 2010 to January 15, 2010.

Paula Palmer served as the Clerk of the Court of Common Pleas/Prothonotary for the period January 16, 2010 to December 31, 2012.

CLERK OF THE COURT OF COMMON PLEAS/  
PROTHONOTARY  
VENANGO COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2010 TO DECEMBER 31, 2012

**Finding - Inadequate Internal Controls Over The Bank Account - Clerk Of The Court Of  
Common Pleas/Prothonotary**

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

Clerk of the Court of Common Pleas

- There was inadequate accountability over funds held in escrow. Recorded obligations exceeded funds on hand by approximately \$13,996. This difference is primarily due to entries made to offset non sufficient fund checks and account for deposits in the unknown recipient liability account. This account was created as clearing account for a transition of accounting systems.
- There was a \$980 difference between the adjusted bank balance and the adjusted book balance that is attributed to adjustments made in the years 2008 and 2009.
- There were 198 outstanding checks totaling \$16,840, dated from July 25, 2005, to June 26, 2012, which were still outstanding as of December 31, 2012.

Prothonotary

- There was inadequate accountability over funds held in escrow. Funds on hand exceeded recorded obligations by approximately \$2,623.
- There was a \$1,350 difference between the adjusted bank balance and the adjusted book balance that could not be explained.

A good system of internal controls ensures that:

- The ending adjusted bank balance is reconciled with the 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.

CLERK OF THE COURT OF COMMON PLEAS/  
PROTHONOTARY  
VENANGO COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2010 TO DECEMBER 31, 2012

**Finding - Inadequate Internal Controls Over The Bank Account - Clerk Of The Court Of  
Common Pleas/Prothonotary (Continued)**

- The office follow-up on all outstanding checks. If a check is outstanding for a period 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.

Without a good system of internal controls over the bank account and accurate accounting of funds, the possibility of funds being misidentified, lost or misappropriated increases significantly. Also, the failure to follow up on outstanding check procedures results in a weakening of internal controls over the cash account and inefficiency caused by the needless record-keeping of outstanding checks.

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

**Recommendation**

We recommend that the office establish and implement an adequate system of internal controls over the bank account as noted above. We further recommend that that the office establish and implement a procedure whereby outstanding checks are reviewed monthly to determine if there are any long outstanding checks. If checks remain outstanding and attempts to contact payees after 90 days are unsuccessful, the office should reinstate the amount of outstanding checks to the checking account and subsequently hold these monies in escrow for unclaimed escheatable funds.

CLERK OF THE COURT OF COMMON PLEAS/  
PROTHONOTARY  
VENANGO COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2010 TO DECEMBER 31, 2012

**Finding - Inadequate Internal Controls Over The Bank Account - Clerk Of The Court Of  
Common Pleas/Prothonotary (Continued)**

Management's Response

The County Officer responded as follows:

The bookkeeper is going over past bank statements to find past adjusted bank balance errors. The stale dated checks are in the process of being escheated.

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  
VENANGO COUNTY  
SUMMARY OF PRIOR EXAMINATION RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2010 TO DECEMBER 31, 2012

Summary Of The Prior Examination Recommendation

During our prior examination, we recommended:

- That the county officer adhere to a good system of internal controls by requiring each employee to have their own unique password. Additionally, when the terminal is not in use, employees should log off the system.

During our current examination, we noted that the office complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS/  
PROTHONOTARY  
VENANGO COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2010 TO DECEMBER 31, 2012

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 Treasurer  
Treasury Department

The Honorable Paula Palmer	Clerk of the Court of Common Pleas/ Prothonotary
The Honorable Oliver J. Lobaugh	President Judge
The Honorable Timothy S. Brooks	Chairperson of the Board of Commissioners

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). 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).