

ATTESTATION ENGAGEMENT

Clerk of the Court of Common Pleas Fayette County, Pennsylvania For the Period January 1, 2011 to December 31, 2013

July 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 H. McNulty
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, Fayette County, Pennsylvania (County Officer), for the period January 1, 2011 to December 31, 2013, 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, 2011 to December 31, 2013, 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 Internal Controls Over The Bank Account - 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. The results of our tests disclosed no other instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We are concerned that the County Officer failed to correct a previously reported finding regarding inadequate internal controls over the bank account. These significant deficiencies increase the risk for funds to be lost or misappropriated. The County Officer must strive to implement the recommendation and corrective action noted in this examination report.

Independent Auditor's Report (Continued)

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, Fayette 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.



April 28, 2015

Eugene A. DePasquale
Auditor General

CONTENTS

Page

Financial Section:

Statement Of Receipts And Disbursements..... 1
Notes To The Statement Of Receipts And Disbursements..... 2

Finding And Recommendation:

Finding - Inadequate Internal Controls Over The Bank Account - Recurring..... 4
Summary of Prior Examination Recommendations..... 6
Report Distribution 7

CLERK OF THE COURT OF COMMON PLEAS
 FAYETTE COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2011 TO DECEMBER 31, 2013

Receipts:

Department of Transportation		
Title 75 Fines	\$	252,758
Overweight Fines		109
Department of Revenue Court Costs		52,710
Crime Victims' Compensation Costs		187,026
Crime Commission Costs/Victim Witness Services Costs		126,977
Domestic Violence Costs		8,441
Emergency Medical Services Fines		8,509
DUI - ARD/EMS Fees		18,511
CAT/MCARE Fund Surcharges		81,192
Judicial Computer System/Access to Justice Fees		116,603
Offender Supervision Fees		936,291
Constable Service Surcharges		1,295
Criminal Laboratory Users' Fees		34,672
Probation and Parole Officers' Firearm Education Costs		10,556
Substance Abuse Education Costs		151,471
Office of Victims' Services Costs		12,881
Miscellaneous State Fines and Costs		<u>287,976</u>
 Total receipts (Note 2)		 2,287,978
 Disbursements to Commonwealth (Note 3)		 <u>(2,327,320)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 (39,342)
 Examination adjustments (Note 5)		 <u>39,342</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2011 to December 31, 2013		 <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
 FAYETTE COUNTY
 NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2011 TO DECEMBER 31, 2013

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	\$ 2,285,770
State Police	1,543
Department of Environmental Protection	40,000
Wine & Spirits	<u>7</u>
Total	<u><u>\$ 2,327,320</u></u>

4. Balance Due Commonwealth (County) For The Period January 1, 2011 To December 31, 2013

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. It does not reflect adjustments disclosed by our examination.

CLERK OF THE COURT OF COMMON PLEAS
FAYETTE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2013

5. Examination Adjustment

During our prior audit, January 1, 2008 to December 31, 2010, we determined that there was a balance due to the Commonwealth of \$39,342. This balance due was paid to the Department of Revenue in August 2013.

6. County Officer Serving During Examination Period

Janice Snyder served as the Clerk of the Court of Common Pleas for the period January 1, 2011 to December 31, 2013.

CLERK OF THE COURT OF COMMON PLEAS
FAYETTE COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2013

Finding - Inadequate Internal Controls Over The Bank Account - Recurring

We cited the office's lack of internal controls over bank accounts in the prior three examinations, with the most recent for the period January 1, 2008 to December 31, 2010. However, 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:

- At December 31, 2013, there were unidentified liabilities totaling \$23,418.88. This total was listed under the account titled "Bank Account Adjustment (Unknown Recipient)" on the Undisbursed Escrow Summary report.
- There were 79 outstanding checks totaling \$16,511.50, dated from May 25, 2004 to July 2, 2013 that were still outstanding as of December 31, 2013.

These conditions existed because the office ignored our three prior examination recommendations and failed to establish adequate internal controls over its bank account.

A good system of internal controls ensures that:

- All liabilities are identified and disbursed timely. The ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the 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.
- 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 these efforts are unsuccessful, the amount of the check should be removed from the outstanding check list, 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, the possibility of funds being lost or misappropriated increases significantly.

CLERK OF THE COURT OF COMMON PLEAS
FAYETTE COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2013

Finding - Inadequate Internal Controls Over The Bank Account - Recurring (Continued)

Recommendation

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

Management's Response

The County Officer responded as follows:

I have contacted the AOPC via the help desk and talked to financial analysts from the CPCMS help desk regarding outstanding checks. I have issue numbers for the listed findings asking for assistance to correct the matters. (Issue # 214988 dated 7/15/2011 regarding legacy checks, Issue # 30638 dated 4/25/2014 held disbursements) I have had numerous conversations with the AOPC help desk stating my problems and have been told it will be reviewed at the "back end" but there has been no firm solution given. I now stale date outstanding checks on a regular basis, but due to the bank's policy even though the checks are clearly marked "void after sixty days" the bank continues to honor possible stale dated checks creating an issue when reconciling. I have done all I know to do to possibly resolve the financial matters pending but I have no solution to them. I will continue to run this office as professionally as I can and the financial problems will be addressed and hopefully finally resolved. I have literally begged at the yearly budget meeting with the Board of Commissioners to create a Financial Business Manager position to keep this office operating professionally, but to no avail.

Held disbursements were escheated to the county as allowed. The figure dealing with the "unknown recipient" disbursements continues to be a problem that I have turned over to the financial department at the AOPC. As stated I will continue to work diligently with all parties to correct the deficiencies.

Auditor's Conclusion

Management has stated that they have taken the necessary steps to ensure that monies collected and current liabilities reconcile to cash on hand and they are making greater efforts to control stale checks. This is a recurring finding. We strongly recommend that the office take all corrective actions necessary to comply with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS
FAYETTE COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2013

Summary of Prior Examination Recommendations

During our prior examination, we recommended:

- That the county office again establish and implement an adequate system of internal controls over the bank account.
- That the office maintain oversight of assessment and disbursements of all transactions created in their computer system. We also recommended that when there are software updates, these updates should be reviewed and tested to make sure that fines are being assessed and disbursed properly.

During our current examination we noted that the office complied with our seconded bulleted recommendation. However, the office did not comply with our first bulleted recommendation. Please see the current year finding for additional information.

CLERK OF THE COURT OF COMMON PLEAS
FAYETTE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2013

This report was initially distributed to:

The Honorable Eileen H. McNulty
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 Janice Snyder	Clerk of the Court of Common Pleas
The Honorable Jeanine Wrona	Controller
The Honorable Vince Zapotosky	Chairperson of the Board of Commissioners

This report is a matter of public record and is available online at <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@PaAuditor.gov.