

ATTESTATION ENGAGEMENT

Clerk of the Court of Common Pleas York County, Pennsylvania For the Period January 1, 2008 to December 31, 2013

July 2015



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
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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, York County, Pennsylvania (County Officer), for the period January 1, 2008 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, 2008 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 deficiency listed below to be material weaknesses.

- Inadequate Internal Controls Over Receipts.

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 the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

- Inadequate Assessment of Costs - Recurring.

Independent Auditor's Report (Continued)

We are concerned that the County Officer failed to correct a previously reported finding regarding inadequate assessment of costs. Additionally, during our current examination, we noted that receipts were not always deposited on the next business day after collection. These significant deficiencies increase the risk for funds to be lost or misappropriated. The County Officer should strive to implement the recommendations and corrective actions noted in this examination 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, York 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

March 13, 2015

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CLERK OF THE COURT OF COMMON PLEAS
YORK COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

Receipts:

Department of Transportation		
Title 75 Fines	\$	1,252,458
Overweight Fines		38
Department of Revenue Court Costs		599,574
Crime Victims' Compensation Costs		1,487,089
Crime Commission Costs/Victim Witness Services Costs		1,050,116
Domestic Violence Costs		140,237
Emergency Medical Services Fines		132,728
DUI - ARD/EMS Fees		142,576
CAT/MCARE Fund Surcharges		969,990
Judicial Computer System/Access to Justice Fees		699,717
Offender Supervision Fees		4,712,579
Constable Service Surcharges		65,368
Criminal Laboratory Users' Fees		28,089
Probation and Parole Officers' Firearm Education Costs		130,419
Substance Abuse Education Costs		1,098,633
Office of Victims' Services Costs		191,728
Miscellaneous State Fines and Costs		<u>2,148,006</u>
 Total receipts (Note 2)		 14,849,345
 Disbursements to Commonwealth (Note 3)		 <u>(14,850,200)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 (855)
 Examination adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2008 to December 31, 2013		 <u>\$ (855)</u>

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

CLERK OF THE COURT OF COMMON PLEAS
YORK COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2008 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.

CLERK OF THE COURT OF COMMON PLEAS
YORK COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

3. Disbursements

Total disbursements are comprised as follows:

Clerk of the Court checks issued to:

Department of Revenue	\$ 14,517,683
Commonwealth of Pennsylvania	4,821
Game Commission	800
Attorney General	4,371
Lottery Commission	163
State Police	6,329
Department of Agriculture	650
Board of Probation and Parole	602
Commission of Crime and Delinquency	4,529
Department of Environmental Protection	15,046
Department of Transportation	9,562
Department of Welfare	11,148
Fish and Boat Commission	175
Liquor Control Board	30
Office of Inspector General	23,778
Department of Labor and Industry	1,127
Office of Budget	270
Department of Treasury	245,015
Department of Corrections	4,101
	<hr/>
Total	<u>\$ 14,850,200</u>

4. Balance Due Commonwealth (County) For The Period January 1, 2008 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.

5. County Officers Serving During Examination Period

Donald R. O'Shell served as the Clerk of the Court of Common Pleas for the period January 1, 2008 to December 31, 2013.

CLERK OF THE COURT OF COMMON PLEAS
YORK COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

Finding No. 1 - Inadequate Assessment of Costs - Recurring

We cited the office for inadequate assessment of costs in our prior examination for the period November 23, 2004 to December 31, 2007. Our current examination found that the office did not correct this issue.

Our examination disclosed that the office did not assess the Amber Alert System Cost as mandated by law. Out of ten cases tested, we noted all 10 cases did not have the Amber Alert System Cost assessed.

The following state statute address the assessment of costs 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.

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

This incorrect assessment occurred because the office was not aware or up-to-date on the law regarding the proper assessment of Amber Alert System Costs.

Recommendation

We strongly recommend that the office review the law noted above to ensure that the Amber Alert System Costs are assessed as mandated by law.

CLERK OF THE COURT OF COMMON PLEAS
YORK COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

Finding No. 1 - Inadequate Assessment Costs - Recurring (Continued)

Management's Response

The Clerk of Court of Common Pleas responded as follows:

This oversight was the result of the now prior practice of assessing only the lead offense where the defendant either plead to or was found guilty.

As a result of this finding we now review all offenses to determine if any of the lesser charges include offenses eligible for the Amber Alert assessment – Title 18 C.S. Sections 2901-2910. To correct this oversight the Costs & Fines staff reviewed the 443 criminal cases where the Amber Alert assessment might have applied since the Act's effective date and subsequently assessed that \$25 cost to all eligible cases excluding expunged cases or those cases where the disposition was other than guilty on March 21, 2014. Of those reviewed ninety-four (94) of the cases were already assessed with the Amber Alert \$25 cost.

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 complied with our recommendations.

CLERK OF THE COURT OF COMMON PLEAS
YORK COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

Finding No. 2 - Inadequate Internal Controls Over Receipts

For the period January 1, 2008 to May 9, 2010, the office's procedure was for a designated clerk of court staff member to be physically escorted to the bank by a deputy sheriff to make all deposits.

For the period May 10, 2010 to December 31, 2013, the office utilized an armored transportation service to deliver deposits to the bank. All checks and money orders were scanned and electronically sent to the bank. The daily cash collections were placed in a bank bag, sealed and marked with a UPC label to be removed by bank personnel once delivered to the bank. The office staff would then physically drop the sealed bag into a locked safe at the rear entrance of the courthouse. The individual making the drop then recorded the bag number, deposit type (cash), and the amount being deposited in the armored transportation service log. The bag remained in the locked safe under guard until the armored transportation service arrived to pick it up. The armored transportation service personnel recorded a signature, date, and time of pick up on the armored transportation service log.

Our examination of accounting records for the office disclosed the following deficiencies in the internal control over receipts.

- Of the 19 deposits tested for the period January 1, 2008 to May 9, 2010, 11 deposits were not deposited timely. The time lapse from the date of the receipt to the subsequent date of deposit was from one to eight days.
- Of the 51 deposits tested for the period May 10, 2010 to December 31, 2013 there were 21 instances in which checks were not electronically submitted to the bank timely. The time lapse from the date of the receipt to the subsequent date of deposit was from one to seven days.
- In addition for the period May 10, 2010 to December 31, 2013, there were 46 instances in which the timeliness of the deposit could not be determined because office staff did not record a date and time on the armored transportation service log.

Good internal accounting controls require that all monies collected be deposited in the bank by the end of the next business day.

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

This condition existed because the office failed to establish and implement an adequate system of internal controls over receipts.

CLERK OF THE COURT OF COMMON PLEAS
YORK COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

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

Recommendation

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

Management's Response

The Clerk of Court of Common Pleas responded as follows:

During the audit it was observed that our practice, until that point, in applying community service (non-monetary credit transactions) performed by defendants the deputy cashier assigned to do so would keep her drawer open for a period of days. Once we realized this practice was considered a potential finding by the Auditor General we altered our practice and now close the community service drawer daily.

In addition, drawers that are opened in the afternoon remain open until the next business day (less than 24 hours) and are closed out of at that point. In reviewing that business practice and the resulting finding we are now closing ALL drawers daily at the close of business each day. It should also be noted that the County's armored transportation service contributes to the delay of the eventual deposit with the bank.

Delays in the same day deposit attributed to the timing of the County's armored transportation service pick-up and delivery of deposit to our bank. In addition, the auditor could not verify when Costs & Fines staff dropped the deposit into the safe as the armored transportation service Customer Receipt book (AKA the "Red Book") was not dated for when the drop was made. The only column available for the date was the date/time for the armored transportation service pick-up.

We are now dating and initialing the armored transportation service "Red Book" when the Costs & Fines staff drop or deposit the money into the safe. In addition, the deputy sheriff stationed or assigned to the entrance is noting the department staff and the number of bags being dropped into the safe on the Sheriff's Daily Log Sheet. I'd further note that the area is under video surveillance. This process is far more secure than having the cash deposit walked to the bank by a deputy cashier escorted by a deputy sheriff as was prior practice.

CLERK OF THE COURT OF COMMON PLEAS
YORK COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

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

Auditor's Conclusion

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

CLERK OF THE COURT OF COMMON PLEAS
YORK COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

Summary of Prior Examination Recommendations

During our prior examination, we recommended:

- That the office adhere to a good system of internal accounting controls by requiring employees of the office to log on to computers by using their own individual User IDs and passwords so that each transaction can be identified with the employee processing the transaction. Additionally, we recommended that when the terminal is not in use, employees should log off the system.
- That the office establish and implement procedures to ensure that all supporting documentation is properly accounted for and maintained as required by good internal accounting controls. In addition, all documentation should be kept until audited by the Department of the Auditor General.
- That the office establish and implement an adequate system of internal controls over manual receipts.
- 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.
- That the office review the laws to ensure that surcharges and costs are assessed as mandated by law.

During our current examination, we noted that the office complied with our first three bulleted recommendations and substantially complied with our fourth bulleted recommendation. However, the office did not comply with our last bulleted recommendation. Please refer to Finding No. 1 for further information.

CLERK OF THE COURT OF COMMON PLEAS
YORK COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2008 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 Donald R. O'Shell	Clerk of the Court of Common Pleas
The Honorable Robb P. Green	Controller
The Honorable Steve Chronister	Chairperson of the Board of Commissioners

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