

ATTESTATION ENGAGEMENT

Clerk of the Court of Common Pleas/Prothonotary/ Collections Department

Bradford County, Pennsylvania
For the Period
January 1, 2011 to December 31, 2015

April 2017



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 statements of receipts and disbursements (Statements) of the Clerk of the Court of Common Pleas/Prothonotary/Collections Department, Bradford County, Pennsylvania (County Officers), for the period January 1, 2011 to December 31, 2015, 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*.

As discussed in Finding No. 2, manual receipts could not be located and were unavailable for examination. Therefore, we could not determine a complete population of receipts. As a result of this issue, we could not perform our standard examination procedures. As such, the scope of our examination of the County Officer's Statements was limited, and we were unable to satisfy ourselves by other examination procedures.

Independent Auditor's Report (Continued)

In our opinion, except for the effects, if any, of the matter noted in the preceding paragraph, 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, 2011 to December 31, 2015, in conformity with the criteria set forth in Note 1.

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 a material weakness and a significant deficiency.

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 Control Over Manual Receipts - Collections Department.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency listed below to be a significant deficiency:

- Inadequate Outstanding Check Procedures - Collections Department - Recurring.

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

We are concerned that the County Office failed to correct a previously reported finding regarding inadequate outstanding check procedures. During our current examination, we also noted that there were inadequate internal controls over manual receipts. These deficiencies could result in an increase of the risk for funds to be lost or misappropriated. The County Office should strive to implement the recommendations and corrective actions noted in this report.

This report is intended solely for the information and use of the Pennsylvania Department of Revenue, the Administrative Office of Pennsylvania Courts, and the County 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/Collections Department, Bradford 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

April 6, 2017

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CLERK OF THE COURT OF COMMON PLEAS/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2015

Receipts:

Department of Transportation		
Title 75 Fines	\$	162,240
Overweight Fines		3,000
Department of Revenue Court Costs		46,066
Crime Victims' Compensation Costs		138,910
Crime Commission Costs/Victim Witness Services Costs		93,885
Domestic Violence Costs		9,558
Emergency Medical Services Fines		6,866
DUI - ARD/EMS Fees		18,069
CAT/MCARE Fund Surcharges		82,348
Judicial Computer System/Access to Justice Fees		91,338
Offender Supervision Fees		483,262
Constable Service Surcharges		73
Criminal Laboratory Users' Fees		33,558
Probation and Parole Officers' Firearm Education Costs		10,035
Substance Abuse Education Costs		117,295
Office of Victims' Services Costs		35,821
Miscellaneous State Fines and Costs		<u>241,724</u>
 Total receipts (Note 2)		 1,574,048
 Disbursements to Commonwealth (Note 4)		 <u>(1,574,048)</u>
 Balance due Commonwealth (County) per settled reports (Note 5)		 -
 Examination adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2011 to December 31, 2015	 \$	 <u><u>-</u></u>

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

PROTHONOTARY
BRADFORD COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2015

Receipts:

Writ Taxes	\$ 4,762
Divorce Complaint Surcharges	11,130
Judicial Computer System/Access To Justice Fees	194,837
Protection From Abuse Surcharges and Contempt Fines	615
Criminal Charge Information System Fees	<u>6,248</u>
Total Receipts (Note 2)	217,592
Commissions (Note 3)	<u>(143)</u>
Net Receipts	217,449
Disbursements to Commonwealth (Note 4)	<u>(217,449)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2011 to December 31, 2015	<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/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2015

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/Collections 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 \$23.50 fee imposed for the filing of any legal paper to initiate a civil action or proceeding. Effective July 10, 2014, Act 126 increased the fee to \$33.50. Effective August 8, 2014, Act 113 increased the fee to \$35.50.

CLERK OF THE COURT OF COMMON PLEAS/
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BRADFORD COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2015

2. Receipts (Continued)

Prothonotary (Continued)

- Protection From Abuse Surcharges represent a \$100 surcharge imposed against defendants when a protection order is granted as a result of a hearing. Protection From Abuse Contempt Fines represent fines of not less than \$300 nor more than \$1,000 imposed against a defendant who is found to be in violation of a protection from abuse order.

- 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 \$7.50 for the period January 1, 2011 to December 31, 2013 and \$8.00 for the period January 1, 2014 to December 31, 2015. 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/COLLECTIONS DEPARTMENT
 BRADFORD COUNTY
 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2011 TO DECEMBER 31, 2015

4. Disbursements

Clerk Of The Court Of Common Pleas/Collections Department

Total disbursements are comprised as follows:

Clerk of the Court checks issued to:

Department of Revenue	\$ 1,563,092
Department of Revenue-Restitution	6,342
Game Commission	393
State Police	1,624
Parole Board	61
Crime Victims Compensation	52
Department of General Services	37
Department of Transportation	1,004
Department of Public Welfare	722
Fish and Boat Commission	70
State Workers' Insurance Fund	265
Inspector General	386
	<hr/>
Total	<u>\$ 1,574,048</u>

Prothonotary

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$ 211,201
Administrative Office of Pennsylvania Courts	6,248
	<hr/>
Total	<u>\$ 217,449</u>

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2015

5. Balance Due Commonwealth (County) For The Period January 1, 2011 To December 31, 2015

Clerk Of The Court Of Common Pleas/Collections Department

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.

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. Prior Examination Period Balance Due

We noted that there was a prior examination balance due the Commonwealth of \$57 which was not paid as of the end of our current examination period.

7. County Officers Serving During Examination Period

Sally Vaughn served as the Clerk of the Court of Common Pleas/Prothonotary for the period January 1, 2011 to December 31, 2015.

Joan Sanderson served as Fiscal Director of the Collections Department for the period January 1, 2011 to December 16, 2012.

Michael J. Soprano served as Fiscal Director of the Collections Department for the period December 17, 2012 to December 31, 2015.

CLERK OF COURT OF COMMON PLEAS/
PROTHONOTARY/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2015

**Finding No. 1 - Inadequate Outstanding Check Procedures - Collections Department -
Recurring**

We cited the issue of inadequate outstanding check procedures in the two previous examinations with the most recent for the period January 1, 2007 to December 31, 2010. Our current examination found that the office did not correct this issue.

Our current examination of the office checking account disclosed that the office was carrying 134 outstanding checks totaling \$3,548.55, dated from February 4, 2014 to June 3, 2015, that were still outstanding as of December 31, 2015.

This condition existed because the office failed to establish adequate internal controls over its outstanding check procedures as recommended in the two previous examination reports.

Good internal accounting controls require that 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.

The failure to follow these procedures results in a weakening of internal controls over the cash account and inefficiency caused by the needless record-keeping of outstanding checks.

Recommendation

We strongly recommend 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.

Management's Response

The County Officer responded as follows:

Management has complied as of January 1, 2016.

CLERK OF COURT OF COMMON PLEAS/
PROTHONOTARY/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2015

**Finding No. 1 - Inadequate Outstanding Check Procedures - Collections Department -
Recurring (Continued)**

Auditors Conclusion

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

CLERK OF COURT OF COMMON PLEAS/
PROTHONOTARY/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2015

Finding No. 2 - Inadequate Internal Controls Over Manual Receipts - Collections Department

Manual receipts are available to be issued in the event of a temporary power loss to the office's computer system. When the computer system is operating again, the manual receipt is replaced by an official computer-generated receipt and included in the daily receipts.

Our examination disclosed the following deficiencies in the internal controls over manual receipts:

- The manual receipts for the period January 1, 2011 to December 31, 2015 could not be located and were unavailable for examination. Therefore, we could not determine a complete population of manual receipts.
- The manual receipt logs for the period January 1, 2011 to May 20, 2013 could not be located and were not available for examination.
- There were 91 instances in which the manual receipt number was not entered into the computer system when the corresponding receipt was generated.
- The office did not use official Common Pleas Case Management System (CPCMS) manual receipts during 2011.

Good internal accounting controls ensure that:

- Manual receipts are accounted for and maintained.
- 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.
- Manual receipt numbers are correctly entered in the manual receipt number field on the computer when the corresponding computer receipts are generated.
- Only official Common Pleas Case Management System (CPCMS) manual receipts and log, that are available through the computer system, are used.

Adherence to good internal accounting controls would have ensured that there were adequate internal controls over receipts.

CLERK OF COURT OF COMMON PLEAS/
PROTHONOTARY/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2015

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

These conditions existed because the office failed to establish and implement an adequate system of internal controls over computer downtime manual receipts.

Recommendation

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

Management's Response

The County Officer responded as follows:

Management will comply.

Auditors Conclusion

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

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2015

Summary Of Prior Examination Recommendations

During our prior examination, we recommended that:

- The Collections 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.
- The Prothonotary deposit all receipts at the end of each day as required by good internal accounting controls.

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

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2015

This report was initially distributed to:

The Honorable Eileen H. McNulty
Secretary
Pennsylvania Department of Revenue

The Honorable Thomas B. Darr
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 Joseph M. Torsella
Pennsylvania State Treasurer

The Honorable Dawn Close
Clerk of the Court of Common Pleas/Prothonotary

The Honorable Maureen Beirne
President Judge

The Honorable Doug McLinko
Chairperson of the Board of Commissioners

Mr. Michael J. Soprano
Fiscal Director of the Collections Department

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.