



**CLERK OF THE COURT OF COMMON
PLEAS/ADULT PROBATION DEPARTMENT**

NORTHUMBERLAND COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JULY 21, 2005 TO NOVEMBER 20, 2006

Released September 2013

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL





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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Daniel P. Meuser
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, Northumberland County, Pennsylvania (County Officer), for the period July 21, 2005 to November 20, 2006, pursuant to the requirements of Section 401(b) of *The Fiscal Code*, 72 P.S. § 401(b). This Statement is the responsibility of the county office's management. Our responsibility is to express an opinion on this Statement based on our examination.

Except as discussed in the fourth paragraph, 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. An examination includes 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*.

Independent Auditor's Report (Continued)

As discussed in Finding No. 3 the population of manual receipts issued by the Adult Probation Department could not be determined. Without these records, we could not perform our standard examination procedures. As a result, the scope of our examination of the County Officer's Statement was limited, and we were unable to satisfy ourselves by other examination procedures.

In our opinion, except for the effects, if any, of the matter noted in the preceding paragraph, 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 July 21, 2005 to November 20, 2006, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Statement and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. 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 the internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County Officer's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the County Officer's Statement that is more than inconsequential will not be prevented or detected by the County Officer's internal control. We consider the deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statement:

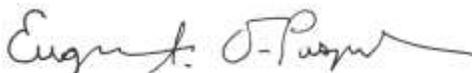
- Bank Deposit Slips Not Validated - Clerk Of The Court Of Common Pleas.
- Inadequate Internal Controls Over The Bank Account - Clerk Of The Court Of Common Pleas.

Independent Auditor's Report (Continued)

- Inadequate Internal Controls Over Manual Receipts - Adult Probation Department.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the County Officer's internal control. Our consideration of the internal control over reporting on the Statement would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider all the significant deficiencies described above to be material weaknesses.

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.



EUGENE A. DEPASQUALE
Auditor General

January 4, 2013

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CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT
NORTHUMBERLAND COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JULY 21, 2005 TO NOVEMBER 20, 2006

Receipts:

Department of Transportation		
Title 75 Fines	\$ 21,368	
Department of Revenue Court Costs	11,654	
Crime Victims' Compensation Costs	62,449	
Crime Commission Costs/Victim Witness Services Costs	52,583	
Domestic Violence Costs	5,011	
Emergency Medical Services Fines	2,266	
DUI - ARD/EMS Fees	4,275	
CAT/MCARE Fund Surcharges	27,065	
Judicial Computer System/Access to Justice Fees	17,698	
Offender Supervision Fees	328,060	
Constable Service Surcharges	1,717	
Criminal Laboratory Users' Fees	1,961	
Probation and Parole Officers' Firearm Education Costs	4,396	
Substance Abuse Education Costs	33,707	
Office of Victims' Services Costs	2,988	
Miscellaneous State Fines and Costs	<u>44,940</u>	
 Total receipts (Note 2)		 \$ 622,138
 Disbursements to Commonwealth (Note 3)		 <u>(622,259)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 (121)
 Examination adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (County) for the period July 21, 2005 to November 20, 2006		 <u><u>\$ (121)</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT
NORTHUMBERLAND COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JULY 21, 2005 TO NOVEMBER 20, 2006

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.

3. Disbursements

Total disbursements are comprised as follows:

Clerk of the Court checks issued to:

Department of Revenue	\$ 620,198
Office of Attorney General	1,428
State Police	543
Department of Transportation	39
Department of Labor and Industry	33
Commonwealth of Pennsylvania	18
Total	\$ 622,259

4. Balance Due Commonwealth (County) For The Period July 21, 2005 To November 20, 2006

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 AND ADULT PROBATION
DEPARTMENT
NORTHUMBERLAND COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JULY 21, 2005 TO NOVEMBER 20, 2006

5. County Officers Serving During Examination Period

Suzanne Vastine-Smith served as the Clerk of the Court of Common Pleas for the period July 21, 2005 to November 20, 2006.

Michael Potteiger served as the Chief Probation Officer for the period July 21, 2005 to November 20, 2006.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JULY 21, 2005 TO NOVEMBER 20, 2006

Finding No. 1 - Bank Deposit Slips Not Validated - Clerk Of The Court Of Common Pleas

Our examination of the Clerk of the Courts' accounting records disclosed that the office copy of the bank deposit slip was not validated by the bank in 4 of the 26 deposits tested. The office received a validated receipt from the bank for the four exceptions, but this only confirmed the total amount deposited and not the actual make up of the deposit (i.e. cash and check mix).

Good internal accounting controls require that 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. If the bank cannot validate the deposit slip, the office should obtain a deposit ticket from the bank that validates total cash and the total deposit. After the office receives the validation from the bank, it should be reconciled to the receipts by someone other than the person preparing or making the deposit.

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

The office was not aware of the internal control weaknesses caused by not obtaining a validated deposit slip or deposit ticket from the bank.

Recommendations

We recommend that the office obtain a validation from the bank as to the mix of cash and checks deposited. We further recommend that the validation is reconciled to receipts by someone other than the person preparing or making the deposit.

Management's Response

The County officer responded as follows:

All deposit slips for all bank accounts are now validated.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JULY 21, 2005 TO NOVEMBER 20, 2006

Finding No. 2 - Inadequate Internal Controls Over The Bank Account - Clerk Of The Court Of
Common Pleas

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

- There was a \$15,200 difference between the October 31, 2006 bank statement balance and the office's reconciliation report that could not be explained.
- There was a \$3,135 difference between the October 31, 2006 adjusted bank balance and the adjusted book balance that could not be explained.

A good system of internal controls ensures that bank statements are reconciled to the book balance on a monthly basis and any discrepancies are immediately investigated and resolved.

Without a good system of internal controls over the bank account, the possibility of funds being lost or misappropriated increases significantly.

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.

Management's Response

The County officer responded as follows:

This issue was addressed and corrected.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JULY 21, 2005 TO NOVEMBER 20, 2006

Finding No. 3 - Inadequate Internal Controls Over Manual Receipts – Adult Probation
Department

The Adult Probation Department used hand written receipts to document the initial receipt of the cash or check received for payments made to the office. The manual receipts and payments are then transferred to the Clerk of Courts' office where 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:

Of 34 receipts tested, we noted the following:

- There were 20 instances in which the computer receipt was not generated timely after the issuance of the corresponding manual receipt. The time lapse from the date of the manual receipt to the corresponding computer receipt ranged from 2 days to 43 days.
- There were 34 instances in which the manual receipt number was not issued in numerical sequence. The office used pre-numbered receipt books that contain 300 receipts. We found that eight out of the ten receipt books used by the office did not run in consecutive numerical sequence. Therefore, we could not determine a total population of receipts.
- A manual receipt log was not maintained.
- There were 34 instances in which the manual receipt number was not entered into the computer system when the corresponding computer receipt was generated.

Good internal accounting controls ensure that:

- Computer receipts are generated timely after the issuance of the corresponding manual receipts.
- Manual receipts are issued in numerical sequence and adequate accountability over receipts should be maintained.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JULY 21, 2005 TO NOVEMBER 20, 2006

Finding No. 3 - Inadequate Internal Controls Over Manual Receipts – Adult Probation
Department (Continued)

- A manual receipt log should be 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 entered in the manual receipt number field on the computer when the corresponding computer receipts are generated.

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.

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

Recommendation

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

Management's Response

The Chief Probation Officer responded as follows:

Pursuant to a joint resolution (June 21, 2011) between the Court, the Commissioners, and the Clerk of Court, all responsibility for criminal costs collections were transferred to the Adult Probation office - cost collections office. Collections are now made directly to the collections office, immediately entered into CPCMS system, and a receipt generated/issued. No monies are collected by Probation officers, and no manual receipt system is in use any longer by the Probation office except for that system inherent in the CPCMS system for manual receipting. All monies are deposited daily to the Susquehanna Bank.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT
NORTHUMBERLAND COUNTY
COMMENT
FOR THE PERIOD
JULY 21, 2005 TO NOVEMBER 20, 2006

Comment - Compliance With Prior Examination Recommendations

During our prior examination, we recommended:

- That the office evaluate the physical environment and make necessary changes to better safeguard assets and improve efficiency.
- That the office establish and implement a procedure whereby outstanding checks are reviewed monthly to determine if there are any outstanding checks.

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

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT
NORTHUMBERLAND COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JULY 21, 2005 TO NOVEMBER 20, 2006

This report was initially distributed to:

The Honorable Daniel P. Meuser
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 M. Kathleen Strausser	Clerk of the Court of Common Pleas
Mr. Michael D. Barvitskie	Chief Probation Officer
The Honorable Anthony Phillips	Controller
The Honorable Vinny Clausi	Chairperson of the Board of Commissioners

This report is a matter of public record and is available online at <http://www.auditorgen.state.pa.us>. 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.