

CLERK OF THE COURT OF COMMON PLEAS

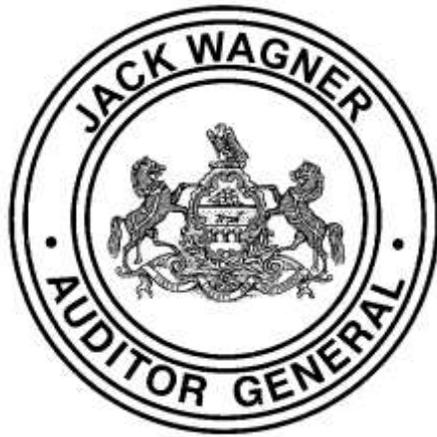
WASHINGTON COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JUNE 18, 2005 TO DECEMBER 31, 2008





CLERK OF THE COURT OF COMMON PLEAS

WASHINGTON COUNTY

EXAMINATION REPORT

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**Department of the Auditor General  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER  
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, Washington County, Pennsylvania (County Officer), for the period June 18, 2005 to December 31, 2008, 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.

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)

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 ended December 31, 2008, 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:

- Inadequate Internal Controls Over The Bank Account.
- Inadequate Segregation Of Duties.

### Independent Auditor's Report (Continued)

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.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we did note an other matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Inadequate Assessment Of Fines, Fees, And Costs.

We are concerned in light of the County Officer's failure to correct a previously reported finding regarding inadequate internal controls over the bank account. Additionally, during our current examination, we noted weaknesses in the inadequate assessment of fines, fees, and costs and inadequate segregation of duties. These significant deficiencies increase the risk for funds to be lost or misappropriated. Furthermore, the incorrect assessment of fines, fees, and costs resulted in the defendant not being assessed the proper amount of fines, fees, and costs associated with the violation; and/or a loss of revenue to the Commonwealth and County. 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.



December 22, 2010

JACK WAGNER  
Auditor General



CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JUNE 18, 2005 TO DECEMBER 31, 2008

Receipts:

Department of Transportation		
Title 75 Fines	\$	337,782
Overweight Fines		7,398
Department of Revenue Court Costs		53,760
Crime Victims' Compensation Costs		285,776
Crime Commission Costs/Victim Witness Services Costs		194,569
Domestic Violence Costs		14,737
Emergency Medical Services Fines		22,085
DUI - ARD/EMS Fees		29,465
CAT/MCARE Fund Surcharges		155,400
Judicial Computer System/Access to Justice Fees		75,694
Offender Supervision Fees		963,163
Constable Service Surcharges		1,726
Criminal Laboratory Users' Fees		15,025
Probation and Parole Officers' Firearm Education Costs		16,652
Substance Abuse Education Costs		102,033
Office of Victims' Services Costs		18,428
Miscellaneous State Fines and Costs		<u>142,791</u>
 Total receipts (Note 2)	 \$	 2,436,484
 Disbursements to Commonwealth (Note 3)		 <u>(2,438,533)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		  (2,049)
 Examination adjustments		  <u>-</u>
 Adjusted balance due Commonwealth (County) for the period June 18, 2005 to December 31, 2008	  \$	  <u><u>(2,049)</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JUNE 18, 2005 TO DECEMBER 31, 2008

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	\$ 2,423,461
Department of Environmental Protection	1,320
Department of Public Welfare	9,337
Department of Veterans Affairs	406
Commonwealth of Pennsylvania	789
Turnpike Commission	100
State Police	2,056
Attorney General	10
Bureau of Victims' Services	85
Department of Transportation	969
	969
Total	\$ 2,438,533

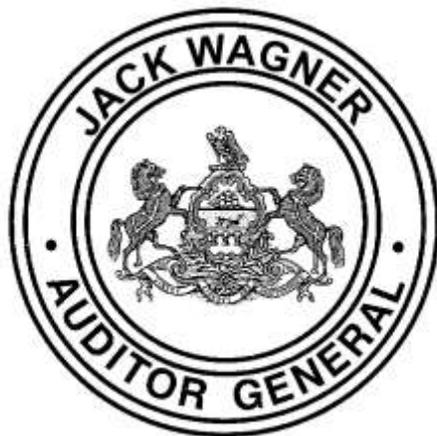
CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JUNE 18, 2005 TO DECEMBER 31, 2008

4. Balance Due Commonwealth (County) For The Period June 18, 2005 To December 31, 2008

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 Officer Serving During Examination Period

Barbara Gibbs served as the Clerk of the Court of Common Pleas for the period June 18, 2005 to December 31, 2008.



CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JUNE 18, 2005 TO DECEMBER 31, 2008

Finding No. 1 - Inadequate Internal Controls Over The Bank Account

Our audit revealed that there were significant internal control weaknesses over the Clerk of The Court's bank account. We noted the following weaknesses:

- There was inadequate accountability over funds held in escrow. Funds on hand exceeded recorded obligations by approximately \$627.
- There were 682 outstanding checks totaling \$44,145, dated from March 4, 2002 to June 16, 2008, that were still outstanding as of December 31, 2008.
- Bank reconciliations were not prepared accurately.
  - An unexplained difference of \$3,548 existed between the reconciled book balance and the reconciled bank balance at December 31, 2008.
  - There were 9 credit adjustments totaling \$3,132, dating from September 2005 to December 2008 that were not cleared.

A good system of internal controls ensures that:

- The ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the bank 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 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.
- 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.

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JUNE 18, 2005 TO DECEMBER 31, 2008

Finding No. 1 - Inadequate Internal Controls Over The Bank Account (Continued)

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

This finding was cited in the prior audit for the period ending June 17, 2005.

Recommendation

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

Management's Response

The Clerk of the Court of Common Pleas responded as follows:

Checks outstanding from the previous system will be escheated to the state this year. The CPCMS [Common Pleas Case Management System] allows us to automatically transfer outstanding checks to unclaimed through the system, thus alleviating this problem.

Auditor's Conclusion

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

This is a recurring finding. We strongly recommend that the office comply with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JUNE 18, 2005 TO DECEMBER 31, 2008

Finding No. 2 - Inadequate Segregation Of Duties

Our examination disclosed that one employee in the office was responsible for performing the following functions:

- Opening mail.
- Collecting cash, entering collection information into the computer system, and issuing receipts.
- Summarizing accounting records on a daily basis.
- Making voided transaction adjustments.
- Reconciling collections to accounting records and/or receipts.
- Preparing deposit slips.
- Reconciling the validated deposit slip to accounting records as to mix of cash and checks collected.

In addition, the office holder did not review any financial documents on a regular basis.

A good system of internal controls requires adequate segregation of duties.

In order to achieve adequate segregation of duties, one employee should not have custody of cash and at the same time maintain the accounting records for the cash. These duties should be segregated and rotated daily. As an alternative control, someone independent from maintaining the accounting records and handling cash should review the employee's work daily. The reviewer should sign and date the records and documents reviewed.

Without adequate segregation of duties, the possibility of funds being lost or misappropriated increases significantly.

This condition existed because office personnel were not cross-trained. Additionally, duties involving the handling of cash and maintaining accounting records were not rotated daily.

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JUNE 18, 2005 TO DECEMBER 31, 2008

Finding No. 2 - Inadequate Segregation Of Duties (Continued)

Recommendation

We recommend that the office provide for greater segregation of duties within the office. This can be done by cross-training personnel and rotating job functions that include the handling of cash and maintaining the accounting records for the cash. As an alternative and/or additional control, someone independent from the handling of cash and the accounting records should review the employee's work at the end of each day. The reviewer should sign and date the records and documents reviewed.

Management's Response

The Clerk of the Court of Common Pleas responded as follows:

Although the position of Bookkeeper has consisted of the same duties for many years, at the suggestion of the auditor, the deputy clerk has begun comparing the daily deposits with the deposit slips when they are returned from the bank. We have also changed profiles of employees to restrict the ability to void receipts. This therefore eliminates the problem. It is noted that this finding has not appeared in previous audits.

Auditor's Conclusion

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

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JUNE 18, 2005 TO DECEMBER 31, 2008

Finding No. 3 - Inadequate Assessment Of Fines, Fees, And Costs

Our examination disclosed that the office did not assess certain fines, costs, fees, and surcharges as mandated by law. Of 60 cases tested, we noted the following discrepancies:

- There were two cases that involved Accelerated Rehabilitative Disposition (ARD)/Diversionary Programs in which the Emergency Medical Services (EMS) Fine was assessed.
- There were two cases in which the EMS Fine was not assessed.
- There were two cases that did not involve ARD/Diversionary Programs in which the DUI-ARD-EMS Fee was assessed instead of the EMS Fine.
- There were five cases that involved ARD/Diversionary Programs in which the Judicial Computer System/Access To Justice Fees were assessed.
- There were two DUI cases that did not involve ARD/Diversionary Programs in which the Criminal Justice Enhancement Account Fee was assessed.
- There were two cases in which Domestic Violence Costs were assessed on cases that involved ARD/Diversionary Programs.

The Clerk of Court indicated that although the office was aware of laws and regulations regarding the proper assessment of Commonwealth fines, fees, and costs, there were, at times, errors made in assessing them.

The following state statutes address the assessment of fines, costs, fees, and surcharges that were not properly assessed:

- Title 35 P.S. § 6934 authorizes the collection for the Emergency Medical Service Fine.
- Title 35 P.S. § 6934(b) authorizes a \$25 EMS Fine (Accelerated Rehabilitative Disposition Fee) to all persons admitted to programs for ARD for offenses enumerated in 75 Pa.C.S.A. § 3802 (previously 3731) - relating to driving under the influence of alcohol or controlled substance.

CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JUNE 18, 2005 TO DECEMBER 31, 2008

Finding No. 3 - Inadequate Assessment Of Fines, Fees, And Costs (Continued)

- Title 42 Pa. C.S.A. § 3733 provides for the collection of Judicial Computer System/Access to Justice Fees (JCS/ATJ). It should be noted that these fees should not be assessed on ARD cases.
- Title 42 Pa. C.S. § 3575 provides for the collection of the Criminal Justice Enhancement Fee.
- 71 P.S. § 611.13 (b) authorizes a \$10 Domestic Violence Cost to be assessed against any person who pleads guilty or nolo contendere or who is convicted of a crime as defined in 71 P.S. § 611.13 (e). It should be noted that these fees should not be assessed on ARD cases.

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

Recommendation

We recommend that the office review the laws noted above to ensure that fines, costs, fees, and surcharges are assessed as mandated by law.

Management's Response

The Clerk of the Court of Common Pleas responded as follows:

The Clerk of Courts Office deals with thousands of cases annually with numerous transactions per case. The AOPC [Administrative Office of Pennsylvania Courts] provides ongoing education to all staff members to reduce any errors and to bring them up to date on new legislation. This training is mandatory. With automatic assessment, discrepancies will be virtually eliminated and time for conducting audits will be dramatically reduced.

Auditor's Conclusion

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

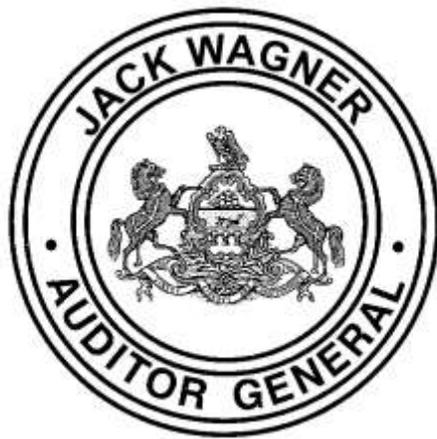
CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
COMMENT  
FOR THE PERIOD  
JUNE 18, 2005 TO DECEMBER 31, 2008

Comment - Compliance With Prior Examination Recommendations

During our prior examination, we recommended:

- That the office review its records and make necessary changes to ensure that monies due the Office of Victims' Services are assessed and remitted properly.
- That the office improve internal controls over manual receipts by accounting for all manual receipts, completing the receipts in their entirety and making them available for our examination.

Our current examination found that the office substantially complied with our prior examination recommendations. Insignificant instances of noncompliance were verbally communicated to the office.



CLERK OF THE COURT OF COMMON PLEAS  
WASHINGTON COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JUNE 18, 2005 TO DECEMBER 31, 2008

This report was initially distributed to:

The Honorable Daniel P. Meuser  
Secretary  
Pennsylvania Department of Revenue

Mr. Thomas J. Dougherty  
Director  
Division of Grants and Standards  
Pennsylvania Board of Probation and Parole

The Honorable Zygmunt Pines  
Court Administrator of Pennsylvania  
Supreme Court of Pennsylvania  
Administrative Office of Pennsylvania Courts

The Honorable Barbara Gibbs	Clerk of the Court of Common Pleas
The Honorable Robert M. McCord	Pennsylvania State Treasurer
The Honorable Michael Namie	Controller
The Honorable Larry Maggi	Chairman of the Board of Commissioners
The Honorable Debbie O'Dell Seneca	President Judge

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).