



CLERK OF THE COURT OF COMMON PLEAS

MONROE COUNTY

EXAMINATION REPORT

FOR THE PERIOD

APRIL 25, 2005 TO DECEMBER 31, 2009

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Independent Auditor's Report

The Honorable C. Daniel Hassell
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, Monroe County, Pennsylvania (County Officer), for the period April 25, 2005 to December 31, 2009, 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, 2009, 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 deficiency described in the finding below to be a significant deficiency in internal control over the reporting on the Statement:

- Inadequate Internal Controls Over The Bank Account.

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 the significant deficiency described above to be a material weakness.

Independent Auditor's Report (Continued)

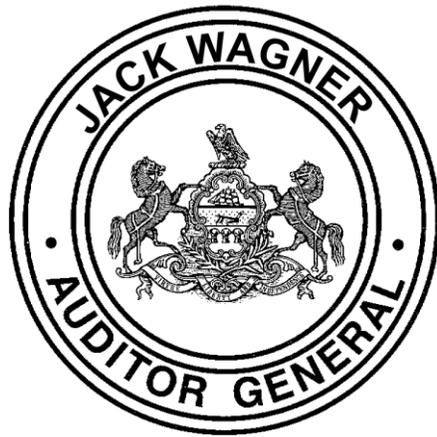
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We are concerned in light of the County Officer's failure to correct a previously reported finding regarding inadequate internal controls over the bank account. The County Officer should strive to implement the recommendation and corrective action noted in this examination report. This significant deficiency increases the risk for funds to be lost or misappropriated.

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.

August 26, 2010

JACK WAGNER
Auditor General



CLERK OF THE COURT OF COMMON PLEAS
MONROE COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
APRIL 25, 2005 TO DECEMBER 31, 2009

Receipts:

Department of Transportation		
Title 75 Fines	\$	193,059
Department of Revenue Court Costs		117,230
Crime Victims' Compensation Costs		250,862
Crime Commission Costs/Victim Witness Services Costs		175,148
Department of Public Welfare		
Domestic Violence Costs		24,532
Costs		3,578
Bureau of Forestry Costs		870
Commonwealth Recovery Program Costs		698
Commonwealth of Pennsylvania Solid Waste Abatement Fund Costs		5,000
Office of Inspector General Costs		313
State Police Costs		555
Bureau of Emergency Services Costs		1,926
Bureau of Forensic Services Costs		36,522
Crime Victims Compensation Board Costs		1,041
Department of Corrections Costs		728
Department of Conservation Costs		2,465
Game Commission Fines		336
Department of Transportation Costs		1,000
Emergency Medical Services Fines Costs		23,539
DUI - ARD/EMS Fees		52,157
CAT/MCARE Fund Surcharges		153,053
Judicial Computer System		64,685
Access to Justice Fees		13,692
Offender Supervision Fees		678,746
Constable Service Surcharges		148
Criminal Laboratory Users' Fees		10,042
Probation and Parole Officers' Firearm Education Costs		23,446
Substance Abuse Education Costs		108,419
Office of Victims' Services Costs		16,472
Miscellaneous State Fines and Costs		<u>396,508</u>

Total receipts (Note 2)	\$	2,356,770
Disbursements to Commonwealth (Note 3)		<u>(2,361,065)</u>
Balance due Commonwealth (County) per settled reports (Note 4)		(4,295)
Examination adjustments		<u> </u>
Adjusted balance due Commonwealth (County) for the period April 25, 2005 to December 31, 2009	\$	<u><u>(4,295)</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS
MONROE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
APRIL 25, 2005 TO DECEMBER 31, 2009

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
MONROE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
APRIL 25, 2005 TO DECEMBER 31, 2009

3. Disbursements

Total disbursements are comprised as follows:

Clerk of the Court checks issued to:

Department of Revenue	\$ 2,271,628
Bureau of Forestry	870
Commonwealth Recovery Program	698
Commonwealth of PA	5,000
Department of Public Welfare	3,578
Office of Inspector General	313
Game Commission	336
State Police	555
Bureau of Emergency Services	1,926
Bureau of Forensic Services	36,522
Crime Victims Compensation Board	1,041
Department of Corrections	728
Department of Conservation	2,465
Department of Transportation	1,000

Credit taken on the current examination for
the prior audit periods:

January 1, 1995 to December 31, 1997	19,668
January 1, 1998 to December 31, 2001	11,528
January 1, 2002 to April 24, 2005	3,209

Total	\$ 2,361,065
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4. Balance Due Commonwealth (County) For The Period April 25, 2005 To December 31, 2009

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
MONROE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
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5. County Officer Serving During Examination Period

George Warden served as the Clerk of the Court of Common Pleas for the period April 25, 2005 to December 31, 2009.

CLERK OF THE COURT OF COMMON PLEAS
MONROE COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
APRIL 25, 2005 TO DECEMBER 31, 2009

Finding - Inadequate Internal Controls Over The Bank Account

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

- Bank reconciliations were not completed timely. All bank reconciliations for the examination period were not prepared until the last six months of the examination period. This condition was cited in the prior two audit periods ending December 31, 2001 and April 24, 2005.
- Checking account balances were not maintained until the last six months of the examination period. This condition was cited in the prior two audit periods ending December 31, 2001 and April 24, 2005.
- The accountability over funds held in escrow was inadequate. Funds on hand exceeded recorded obligations by approximately \$1,749. This condition was cited in the prior two audit periods ending December 31, 2001 and April 24, 2005.
- There were approximately 638 long outstanding checks totaling over \$53,000, dated from May 10, 2005 to June 30, 2009 that were still outstanding as of December 31, 2009. Many of these stale checks were issued to Monroe County, other government agencies, and local attorneys. We noted two checks totaling \$95 made payable to "Clerk of Court" and 29 checks totaling \$19,392 made payable to "Prothonotary." The condition regarding long outstanding checks was cited in our last five audit periods, the most recent ending April 24, 2005.

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

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.
- A check book balance is properly maintained.
- 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.

CLERK OF THE COURT OF COMMON PLEAS
MONROE COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
APRIL 25, 2005 TO DECEMBER 31, 2009

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

- 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.

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

This finding was cited in the prior audit for the period ending April 24, 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 County Officer responded as follows:

We agree that internal controls over the bank account need to be improved. While some of the deficiencies noted in the audit were inherited from the prior Officeholder (i.e. stale checks and cash overages), we have already begun to take corrective action.

For example, we have made monthly bank reconciliations in the CPCMS [Common Pleas Case Management System] from April 25, 2005 to the present. Monthly reconciliations of the bank account in CPCMS will continue monthly.

The Office is already in the process of clearing out all stale checks, based on the recommended procedures for handling said checks.

Auditor's Conclusion

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

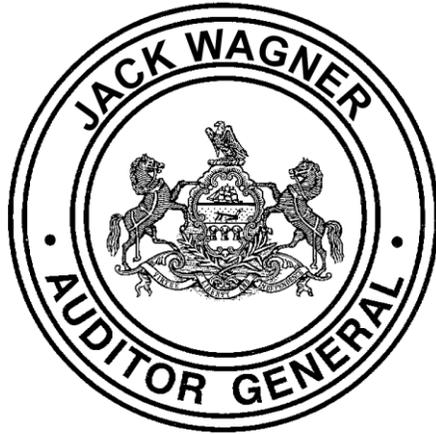
CLERK OF THE COURT OF COMMON PLEAS
MONROE COUNTY
COMMENT
FOR THE PERIOD
APRIL 25, 2005 TO DECEMBER 31, 2009

Comment - Compliance With Prior Examination Recommendation

During our prior examination, we recommended:

- That the office review the appropriate laws and regulations to ensure that costs, fees, and surcharges are properly assessed and distributed as mandated by law.

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



CLERK OF THE COURT OF COMMON PLEAS
MONROE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
APRIL 25, 2005 TO DECEMBER 31, 2009

This report was initially distributed to:

The Honorable C. Daniel Hassell
Secretary
Pennsylvania Department of Revenue

Mr. Thomas J. Dougherty
Director
Division of Grants and Standards
Pennsylvania Board of Probation and Parole
1101 South Front Street, Suite 5900
Harrisburg, PA 17104-2545

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

The Honorable George Warden	Clerk of the Court of Common Pleas
The Honorable Marlo A. Merhige	Controller
The Honorable Suzanne McCool	Chairwoman of the Board of Commissioners
The Honorable Ronald E. Vican	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.