



CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY AND PROBATION OFFICE

JUNIATA COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2003 TO DECEMBER 31, 2006

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Independent Auditor's Report

The Honorable Thomas W. Wolf
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 and Probation Office, Juniata County, Pennsylvania (County Officers), for the period January 1, 2003 to December 31, 2006, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d). These Statements are the responsibility of the county office's management. Our responsibility is to express an opinion on these Statements 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 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. 1 of the examination report, all information processed under the Clerk of the Court of Common Pleas' old computer system, from January 1, 2003 to February 27, 2005, was deleted and not available for the examination. Without these records, we could not perform our standard examination procedures. As a result, the scope of our examination of the Clerk of the Court of Common Pleas and Probation Office's Statement 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 matters 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 Pennsylvania Department of Revenue and other state agencies for the period ended December 31, 2006, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Statements 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 Statements are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Statements or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and those findings are described in the Findings and Recommendations section of the report.

We are concerned in light of the Clerk of the Court of Common Pleas/Prothonotary's failure to correct a previously reported finding regarding inadequate internal controls over the computer system. The Clerk of the Court of Common Pleas/Prothonotary should strive to implement the recommendations and corrective action noted in this examination report. In addition, during our current examination, we noted several significant weaknesses in the internal controls over manual receipts and maintenance of records that need corrective action. These significant deficiencies increase the risk of funds being lost, stolen, 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 Officers and is not intended to be and should not be used by anyone other than these specified parties.

September 20, 2007

JACK WAGNER
Auditor General

CLERK OF THE COURT OF COMMON PLEAS AND PROBATION OFFICE
 JUNIATA COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
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Receipts:

Department of Transportation		
Title 75 Fines	\$	45,677
Department of Revenue Court Costs		10,733
Crime Victims' Compensation Costs		28,101
Crime Commission Costs/Victim Witness Services Costs		19,576
Department of Public Welfare		
Domestic Violence Costs		3,100
Costs		330
State Police		318
Treasury Department		508
Department of Corrections		205
Emergency Medical Services Fines		5,697
DUI - ARD/EMS Fees		4,175
CAT/MCARE Fund Surcharges		31,745
Judicial Computer System/Access to Justice Fees		6,498
Offender Supervision Fees		113,992
Criminal Laboratory Users' Fees		1,491
Probation and Parole Officers' Firearm Education Costs		2,612
Substance Abuse Education Costs		16,807
Office of Victims' Services Costs		10,758
Miscellaneous State Fines and Costs		<u>11,192</u>
 Total receipts (Note 2)		 \$ 313,515
 Disbursements to Commonwealth (Note 4)		 <u>(313,531)</u>
 Balance due Commonwealth (County) per settled reports (Note 5)		 (16)
 Examination adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2003 to December 31, 2006		 <u><u>\$ (16)</u></u>

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

PROTHONOTARY
 JUNIATA COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
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Receipts:

Writ Taxes	\$	668
Divorce Complaint Surcharges		3,060
Judicial Computer System/Access To Justice Fees		10,902
Protection From Abuse Surcharges and Contempt Fines		146
Criminal Charge Information System Fees		<u>862</u>
Total Receipts (Note 2)		15,638
Commissions (Note 3)		<u>(20)</u>
Net Receipts		15,618
Disbursements to Commonwealth (Note 4)		<u>(15,618)</u>
Balance due Commonwealth (County) per settled reports (Note 5)		-
Examination adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2003 to December 31, 2006	\$	<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 AND PROBATION OFFICE
JUNIATA COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2006

1. Criteria

The Statements of Receipts and Disbursements (Statements) have been prepared in accordance with Section 401(b) of *The Fiscal Code*, 72 P.S § 401(b), which requires the Department of the Auditor General to determine whether all money collected on behalf of the Commonwealth has been remitted properly and to provide the Pennsylvania Department of Revenue (Department of Revenue) with a report to enable them to settle an account covering any delinquency.

The Statements were prepared in accordance with reporting requirements prescribed by the 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

Receipts are comprised of fines, costs, fees, and surcharges collected on behalf of the Department of Revenue and other state agencies. 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 \$10.00 surcharge imposed on all divorce decrees.

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2. Receipts (Continued)

Prothonotary (Continued)

- Judicial Computer System/Access To Justice Fees represent fees (\$5.00 for filings prior to November 1, 2002 and \$10.00 for filings afterwards) imposed for the filing of any legal paper to initiate a civil action or proceeding.
- Protection From Abuse Surcharges represent a \$25.00 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 \$100.00 nor more than \$1,000.00 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. For the period January 1, 2003 to December 31, 2004 the fee was \$5.00. For the period January 1, 2005 to December 31, 2005 the fee was \$6.00. For the period January 1, 2006 to December 31, 2006 the fee was \$6.50. 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 Department of Revenue.

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4. Disbursements

Clerk Of The Court Of Common Pleas

Total disbursements are comprised as follows:

Clerk of The Court checks issued to:

Department of Revenue	\$ 312,170
Department of Corrections	205
Department of Public Welfare	330
Treasury Department	508
State Police	<u>318</u>
Total	<u><u>\$ 313,531</u></u>

Prothonotary

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$ 14,756
Adminstrative Office of Pennsylvania Courts	<u>862</u>
Total	<u><u>\$ 15,618</u></u>

CLERK OF THE COURT OF COMMON PLEAS/
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5. Balance Due Commonwealth (County) For The Period January 1, 2003 To December 31, 2006

Clerk Of The Court Of Common Pleas

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. County Officers Serving During Examination Period

Joan E. Clark served as the Clerk of The Court of Common Pleas/Prothonotary for the period January 1, 2003 to December 31, 2006.

Angela R. Shellenberger served as the Chief Probation Officer of the Probation Office for the period January 1, 2003 to June 3, 2005.

Michelle A. Beaver was Acting Chief Probation Office of the Probation Office for the period of June 4, 2005 to July 25, 2006.

Michelle A. Beaver served as the Chief Probation Officer of the Probation Office for the period of July 26, 2005 to December 31, 2006.

CLERK OF THE COURT OF COMMON PLEAS
JUNIATA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 1 – Records Unavailable For Examination – Clerk Of The Court Of Common Pleas

During the course of our examination we noted that the Juniata Clerk of the Court changed to the new state computer system, Common Pleas Case Management System (CPCMS), on February 28, 2005. When the old system was removed, access to all information processed with this system was deleted. As a result, for specific cases, we were unable to access payment information on all payments made prior to the initiation of the CPCMS.

It should be noted that the testing of the receipts indicated that the total amount receipted equaled the total amount deposited.

All information processed under the old system, from January 1, 2003 to February 27, 2005, could have been maintained and accessed on a read-only basis for a fee, but this option was not exercised.

Good internal accounting controls ensure that all records, including information entered into the computer system, should be accessible until examined by the Department of the Auditor General.

Without a good system of internal controls over the computer system the potential increases significantly for lost, stolen or misappropriated funds. Furthermore, receipt information on specific cases could not be traced through the accounting system, thus resulting in an inadequate audit trail.

The county officer was unaware that it is necessary to maintain information in the old computer system until examined by the Department of the Auditor General.

Recommendation

We recommend that the Clerk of the Court maintain all records until after they have been subject to examination by the Department of the Auditor General.

Management Response

No formal response offered at this time.

CLERK OF THE COURT OF COMMON PLEAS/
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Finding No. 2 – Inadequate Internal Controls Over Manual Receipts – Clerk Of The Court Of
Common Pleas/Prothonotary

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.

Of 15 manual receipts selected for testing, our examination disclosed the following:

- A manual receipt log was not maintained.
- There were three instances in which a manual receipt was not issued in numerical sequence.
- There were two manual receipts that had a payment method that did not agree with the payment method on the computer-generated receipt.
- There were two manual receipts that were not completed in their entirety.
- There were two manual receipts missing and unaccounted for.

Good internal accounting controls ensure that:

- A manual receipt log is accounted for and maintained.
- Manual receipts are issued in numerical sequence.
- Information on the computer-generated receipt should agree with the information on the manual receipt.
- All required information is recorded on the manual receipt including date issued, date filed, remitter name, docket number, payment source and payment method.
- Manual receipts are accounted for and maintained.

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Finding No. 2 – Inadequate Internal Controls Over Manual Receipts – Clerk Of The Court Of
Common Pleas/Prothonotary (Continued)

Without a good system of internal control over funds received by the office, the potential is increased that funds could be lost, stolen, or misappropriated.

Adherence to good internal accounting controls would have ensured an adequate internal control over collections.

This condition 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

No formal response offered at this time.

PROTHONOTARY
JUNIATA COUNTY
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Finding No. 3 – Inadequate Internal Controls Over Computer System - Prothonotary

Juniata County uses a service organization (Vendor) as an Application Service Provider (ASP) to account for transactions in several offices, including the Juniata County Prothonotary. The County initiates and approves transactions from remote terminals in the County. These transactions are then transmitted electronically to the Vendor's computer system. The Vendor is responsible for processing all of the transactions and producing the necessary reports and accounting entries to record the receipt and distribution of funds and to prepare the financial statements.

During discussions with Vendor personnel, we learned that the Vendor has the ability to make changes to the County's data using a procedure called a Data File Utility (DFU). Use of this utility would not be recorded through the normal accounting processes and, therefore, would not generate a normal examination trail.

We also noted the following weaknesses:

- The contract agreement between the County and the Vendor relieves the Vendor of any liability concerning loss of data or system functionality that may be caused by the Vendor's actions. The contract states, in part, "The client agrees to limit the Vendor's liability to the corrections of the application software."
- The Vendor has unmonitored access to the County's data.
- County's users are not required to periodically change their passwords after initial password selection.

Effective security policy and practice requires the County's approval and monitoring of any computer data changes made by the Vendor, particularly because of the Vendor's access to critical applications. Furthermore, to ensure confidentiality, passwords should be changed periodically and not exchanged between employees.

According to the Computer Emergency Response Team (CERT) of Carnegie Mellon University, inadequate contractor security policies and practices can result in undetected intrusions or security violations, lack of data integrity, and loss of privacy.

The officeholder is unaware that the vendor has unmonitored access to this office's data files, that passwords need to be changed periodically, and that the vendor has limited liability as stated in the contract.

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Finding No. 3 – Inadequate Internal Controls Over Computer System - Prothonotary (Continued)

This finding was cited in the prior audit for the period ending December 31, 2002.

Recommendations

We again recommend:

- That the County establish procedures to periodically generate monitoring reports that include the date, time, reason for change(s), change(s) made, and who made the change(s). The County should routinely review these reports to determine that access was appropriate and that data was not improperly altered.
- That the County should continue to take prudent steps to properly secure their production servers from unauthorized access using the remote access software installed on their system. We recommend consideration of security practices published by respected authorities in the field, such as the CERT Security Module entitled:

Outsourcing Managed Security Services

<http://www.cert.org/security-improvement/modules/m03.html>

- That the County negotiate an updated contract and software maintenance agreement with the Vendor. During this process the County's legal counsel should consider how to protect the County's interests in the event that errors or fraud occur as a result of Vendor employees accessing the County's data. Further, in accordance with the CERT document cited above, the following computer security issues should be considered for inclusion in the contract:
 - Assurances that vulnerabilities to known forms of attack have been addressed in the contractor software (i.e., all security patches have been updated and applied), assertions that contractor software is installed and configured to operate securely, and warranties that no malicious code (i.e., Trojan Horses) or viruses exist in contractor software.
 - The remote access method, the user authentication process, and a requirement that the contractor communicate securely with the County's site when operating remotely.

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Finding No. 3 – Inadequate Internal Controls Over Computer System - Prothonotary (Continued)

Recommendations (Continued)

- The ability to restrict systems administrator-level access to authorized users, as well as the ability to log appropriate activities for purposes of detecting intrusions and attempted intrusions.
- A recently completed security evaluation of the contractor encompassing the technology being selected.
- A non-disclosure agreement if the contractor may encounter proprietary information on the County's systems.
- That the County always maintain an updated contract so as to provide appropriate legal recourse in the event of disputes with the Vendor.
- That the County office users be required to periodically change their passwords.

Management's Response

No formal response offered at this time.

CLERK OF THE COURT OF COMMON PLEAS/
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JUNIATA COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
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This report was initially distributed to:

The Honorable Thomas W. Wolf
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The Honorable Zygmunt Pines
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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
1101 South Front Street, Suite 5900
Harrisburg, PA 17104-2545

Clerk Of The Court Of Common Pleas/Prothonotary
Juniata County
Juniata County Courthouse
P. O. Box 68
Mifflintown, PA 17059

The Honorable Joan E. Clark

Clerk of The Court of Common Pleas/
Prothonotary

Ms. Michelle A. Beaver

Chief Probation Officer, Probation Office

The Honorable Teresa O'Neal

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