



CLERK OF THE COURT OF COMMON PLEAS

NORTHAMPTON COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2001 TO JULY 31, 2005

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Independent Auditor's Report

Mr. Thomas W. Wolf
Acting Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have audited the accompanying statement of receipts and disbursements – cash basis of the Clerk of The Court of Common Pleas, Northampton County, Pennsylvania (County Officer), for the period January 1, 2001 to July 31, 2005, pursuant to the requirements of Section 401(b) of *The Fiscal Code*, 72 P.S § 401(b). This financial statement is the responsibility of the county office's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the accompanying financial statement was prepared using accounting practices prescribed by the Pennsylvania Department of Revenue, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The financial statement presents only the Commonwealth portion of cash receipts and disbursements and is not intended to present fairly the financial position and results of operations of the County Officer, in conformity with accounting principles generally accepted in the United States.

Independent Auditor's Report (Continued)

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County Officer, as of July 31, 2005, the changes in its financial position, or where applicable, its cash flows for the period then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the operations of the County Officer as it pertains to receipts made on behalf of the Pennsylvania Department of Revenue and other state agencies for the period January 1, 2001 to July 31, 2005, on the basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the financial statement of the County Officer taken as a whole. The accompanying Schedule 1 for the period January 1, 2001 to July 31, 2005, is supplemental information required by the Pennsylvania Department of Revenue and is not a required part of the financial statement. The information in that schedule has been subjected to the procedures applied in the audit of the financial statement, and in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2007, on our consideration of the County Officer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

March 13, 2007

JACK WAGNER
Auditor General

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

Receipts:

Department of Transportation		
Title 75 Fines	\$	333,926.30
Overweight Fines		21,640.29
Department of Revenue Court Costs		170,795.13
Crime Victims' Compensation Costs		239,989.11
Crime Commission Costs/Victim Witness Services Costs		226,902.71
Department of Public Welfare		
Domestic Violence Costs		36,540.76
Costs		70,344.90
Miscellaneous Fines and Costs		29,094.28
Emergency Medical Services Fines		49,733.71
DUI - ARD/EMS Fees		83,433.25
CAT Fund Surcharges		409,245.44
Judicial Computer System/Access to Justice Fees		29,317.54
Offender Supervision Fees		507,765.49
Constable Service Surcharges		5,191.22
Criminal Laboratory Users' Fees		91,992.96
Probation and Parole Officers' Firearm Education Costs		46,161.21
Substance Abuse Education Costs		198,932.58
Office of Victims' Services Costs		63,337.84
Drug Law Enforcement Costs		11,814.24
Department of Treasury Costs		13,530.98
Office of the Attorney General Costs		457.41
Department of Corrections Costs		993.53
State Police Costs		<u>3,618.23</u>
 Total receipts (Note 2)	 \$	 2,644,759.11
 Disbursements and credits to Commonwealth (Note 3)		 <u>(2,646,726.66)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 (1,967.55)
 Audit adjustment (Note 5)		 <u>1,890.55</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2001 to July 31, 2005	 \$	 <u><u>(77.00)</u></u>

Notes to the financial statement are an integral part of this report.

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

1. Summary Of Significant Accounting Policies

Basis Of Presentation

The financial statement was prepared in accordance with the requirements of the Pennsylvania Department of Revenue. This financial statement is not intended to present either financial results of operations or financial position in conformity with generally accepted accounting principles.

Basis Of Accounting

The financial statement was prepared on the cash basis of accounting. Under this method, revenues were recognized when received and expenditures were recognized when paid.

Audit Requirement

The financial presentation has 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 Department of Revenue with a report to enable them to settle an account covering any delinquency. A statement of assets and liabilities was not a required part of the financial presentation because of the limited reporting scope by the Clerk of the Court of Common Pleas. Therefore, a statement of assets and liabilities was not audited and is not a part of this report.

2. Receipts

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.

CLERK OF THE COURT OF COMMON PLEAS
 NORTHAMPTON COUNTY
 NOTES TO THE FINANCIAL STATEMENT
 FOR THE PERIOD
 JANUARY 1, 2001 TO JULY 31, 2005

3. Disbursements And Credits

Total disbursements and credits are comprised as follows:

Clerk of The Court checks issued to:

Department of Revenue	\$ 2,545,954.84
Department of Public Welfare	70,344.90
DIV/Drug Law Enforcement	11,814.24
Department Treasury	13,530.98
Office of the Attorney General	457.41
Department of Corrections	993.53
State Police	3,618.23

Credits taken during the current audit
 for adjustments on the prior audit period:

December 2000 credit taken in January 2001	12.50
October 2000 credit taken in April 2001	<u>.03</u>
Total	<u>\$ 2,646,726.66</u>

4. Balance Due Commonwealth (County) For The Period January 1, 2001 To July 31, 2005

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. Audit Adjustment

During our prior audit, January 1, 1997 to December 31, 2000, we determined that there was a balance due to the Commonwealth of \$1,890.55. This balance due was paid in November 2001.

6. County Officer Serving During Audit Period

Patricia A. Pulley served as the Clerk of The Court of Common Pleas for the period January 1, 2001 to July 31, 2005.

CLERK OF THE COURT OF COMMON PLEAS
 NORTHAMPTON COUNTY
 SCHEDULE 1
 FOR THE PERIOD
 JANUARY 1, 2001 TO JULY 31, 2005

Schedule 1 - Reconciliation Of Settled Reports

Date of Summary of Collections Report	Balance Due - Settled Reports Dept. of Revenue (County)	Adjustments	Adjusted Balance Due Dept. of Revenue (County)
2001			
January	\$ 12.50	\$ (12.50)	1 \$ -
February	-	-	-
March	(246.84)	-	(246.84)
April	(59.97)	(.03)	2 (60.00)
May	294.34	-	294.34
June	(250.00)	-	(250.00)
July	-	-	-
August	250.00	-	250.00
September	-	-	-
October	(362.50)	-	(362.50)
November	(1,890.55)	-	(1,890.55)
December	337.50	-	337.50
2002			
January	-	-	-
February	12.50	-	12.50
March	-	-	-
April	-	-	-
May	(12.50)	-	(12.50)
June	-	-	-
July	12.50	-	12.50
August	(125.00)	-	(125.00)
September	-	-	-
October	125.00	-	125.00
November	(338.00)	-	(338.00)
December	(37.20)	-	(37.20)

CLERK OF THE COURT OF COMMON PLEAS
 NORTHAMPTON COUNTY
 SCHEDULE 1
 FOR THE PERIOD
 JANUARY 1, 2001 TO JULY 31, 2005

Schedule 1 - Reconciliation Of Settled Reports (Continued)

Date of Summary of Collections Report	Balance Due - Settled Reports Dept. of Revenue (County)	Adjustments	Adjusted Balance Due Dept. of Revenue (County)
2003			
January	\$ 375.20	\$ -	\$ 375.20
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	(25.00)	-	(25.00)
July	65.01	-	65.01
August	(250.00)	-	(250.00)
September	-	-	-
October	275.00	-	275.00
November	-	-	-
December	(150.00)	-	(150.00)
2004			
January	(50.00)	-	(50.00)
February	150.00	-	150.00
March	31.24	-	31.24
April	30.00	-	30.00
May	(468.74)	-	(468.74)
June	-	-	-
July	487.50	-	487.50
August	-	-	-
September	25.00	-	25.00
October	-	-	-
November	37.50	-	37.50
December	-	-	-

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
SCHEDULE 1
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

Schedule 1 - Reconciliation Of Settled Reports (Continued)

Date of Summary of Collections Report	Balance Due - Settled Reports Dept. of Revenue (County)	Adjustments	Adjusted Balance Due Dept. of Revenue (County)
2005			
January	\$ -	\$ -	\$ -
February	-	-	-
March	-	-	-
April	(209.50)	-	(209.50)
May	-	-	-
June	(0.01)	-	(0.01)
July	-	-	-
Balance due Commonwealth (County) per settled reports			(1,967.55)
Audit adjustment (Note 5)			1,890.55
Adjusted balance due Commonwealth (County) for the period January 1, 2001 to July 31, 2005			<u>\$ (77.00)</u>

1 - Amount represents credit taken in January 2001 for adjustment made in December 2000.

2 - Amount represents credit taken in April 2001 for adjustment made in October 2000.

Report On Compliance And On
Internal Control Over Financial Reporting

Mr. Thomas W. Wolf
Acting Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have audited the statement of receipts and disbursements – cash basis of the Clerk of The Court of Common Pleas, Northampton County, Pennsylvania (County Officer), for the period January 1, 2001 to July 31, 2005, and have issued our report thereon dated March 13, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County Officer’s financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, our tests disclosed the following immaterial instance of noncompliance:

- Inadequate Procedures Utilized In Assessing And Disbursing Costs And Fees.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County Officer’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the

Report On Compliance And On
Internal Control Over Financial Reporting (Continued)

design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County Officer's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. The reportable conditions described in the findings are as follows:

- Misappropriated Funds Of \$119,700.
- Inadequate Segregation Of Duties.
- Inadequate Internal Controls Over Receipts.
- Inadequate Controls Over The Bank Accounts.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider all the reportable conditions described above to be material weaknesses.

We are concerned in light of the County Officer's failure to correct a previously reported audit finding regarding inadequate controls over funds held in escrow. The County Officer should strive to implement the recommendations and corrective action noted in this audit report. During our current audit, we noted several significant weaknesses in the internal controls over receipts, segregation of duties, and bank accounts that need corrective action. These significant deficiencies greatly contributed to funds being 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.

March 13, 2007

JACK WAGNER
Auditor General

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

Finding No. 1 - Misappropriated Funds Of \$119,700

Our audit of the Clerk of the Court of Common Pleas office (Clerk) disclosed that \$119,700 had been misappropriated during the period of January 1, 2001 through January 6, 2006.

The Clerk deposits the collection of bail into the bail account and fines, fees, and costs into the general account. In our original testing of 18 deposits into the general account, there was a cash shortage of \$1,000. This was due to a check written out of the bail account for \$1,000 that was deposited into the general account and \$1,000 in cash removed from the general account collections and never deposited. As a result, testing was expanded, specifically focusing on deposits that included checks issued out of the bail account and deposited into the general account.

Our expanded testing consisted of a review of 40 deposits, including the \$1,000 cash shortage deposit noted above. This testing revealed that the amount of cash receipted did not equal the amount of cash deposited in all deposits tested. In each deposit, the amount of cash deposited was less than the amount of cash receipted. In all deposits there was at least one bail check deposited into the general account that was not receipted. The amount of the bail check deposited equaled the amount of the cash shortage in every deposit. The total cash shortage in these deposits was \$48,700.

The method used to misappropriate monies from the Clerk was a lapping scheme, substituting checks for cash. A lapping scheme is a term used to describe a method where an individual misappropriates cash from a day's collections. In the Clerk's office, cash was replaced in the general account by issuing checks out of the bail account. The bail checks were deposited, but not receipted. Replacing the cash with the bail checks allowed the day's collections to equal the total amount of the deposit. This allowed the perpetrator to cover their fraud by showing that the books superficially balanced for the day.

Because an office employee was substituting the bail checks for cash, we notified the Department of the Auditor General's Office of Special Investigations (OSI). Additional testing, interviews, and a broadening of the scope to January 6, 2006 by OSI for testing related to the misappropriated funds, revealed the total amount of misappropriation to be \$119,700.

However, based on the above testing, it appears that monies due the Commonwealth were remitted to the Commonwealth.

The conditions cited above existed because the Clerk failed to establish an adequate system of internal controls to conduct its operations. See Finding Nos. 2 through 4.

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

Finding No. 1 - Misappropriated Funds Of \$119,700 (Continued)

Good internal accounting controls ensure that duties are segregated and that all monies collected are properly receipted and deposited. In addition, the monies collected, receipted, and recorded should be in agreement.

Recommendation

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

Auditee Response

The Acting Director of Court Services and Director of Fiscal Affairs responded as follows:

After consulting with the Northampton County Controller's Office and the Department of Fiscal Affairs, effective October 30, 2006, corrective action was instituted by the Clerk of Courts for a plan of internal controls and segregation of duties.

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

Finding No. 2 - Inadequate Segregation Of Duties

Our audit disclosed that one employee in the Clerk of the Court of Common Pleas office (Clerk) was responsible for performing the following functions:

- Summarizing accounting records.
- Making voided transaction adjustments.
- Reconciling collections to accounting records and receipts.
- Reconciling the bank accounts.
- Approving disbursements.
- Preparing checks.
- Signing checks.

A good system of internal controls requires 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.

This condition existed because there were no adequate procedures established or implemented to segregate duties.

Without adequate segregation of duties, internal controls can be circumvented yielding to the possibility of significant irregularities. This inadequate segregation of duties created an environment that allowed a significant amount of funds to be misappropriated and remain undetected until our audit.

Recommendation

We recommend that the Clerk establish and implement procedures to provide for a greater segregation of duties within the office as noted above.

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

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

Auditee Response

The Acting Director of Court Services and Director of Fiscal Affairs responded as follows:

Duties have been separated as suggested. Effective October 30, 2006, corrective action was instituted by the Clerk of Courts for a plan of internal controls and segregation of duties.

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

Finding No. 3 - Inadequate Internal Controls Over Receipts

The Clerk of the Court of Common Pleas office (Clerk) deposits bail into the bail account and deposits fines, fees, and costs into the general account. Our review of the Clerk's accounting records revealed the following weaknesses:

- The office copy of the bank deposit slip for the general account was not validated by the bank in 11 of 18 deposit slips tested. The office received validated receipts from the bank, but these only confirmed the total amount deposited and not the actual make up of the deposit (i.e. cash and check mix).
- It was the office's practice to deposit cash into the bail account regardless as to the form of payment. When bail was posted in the form of a check, it was deposited into the general account and an equal amount of cash would be taken from the general account collections and deposited into the bail account. The cash shortage in the general account created an equal cash overage in the bail account. We noted this condition occurred in 3 of 18 general account deposits tested.
- There were manual receipts that did not have a pre-printed receipt number on them. Additionally, there was no documentation, verification, or accountability as to the number of manual receipts purchased. Therefore, we were unable to verify the number of manual receipts issued.
- Of 25 manual receipts tested, there were 3 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 two to six days.

A good system of internal accounting controls requires that:

- The office copy of the deposit slip should be validated by the bank or the receipt provided by the bank should list the amount of cash deposited as well as the total amount deposited.
- All collections receipted should be deposited into the respective accounts, in the same form as collected (cash, check, money order, credit card, etc.)
- Manual receipts should be pre-numbered, accounted for and maintained. All required information from the manual receipt should be recorded on a manual receipts log sheet.

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

Finding No. 3 - Inadequate Internal Controls Over Receipts (Continued)

- Computer receipts should be generated timely after the issuance of the corresponding manual receipts.

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

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

Recommendation

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

Auditee Response

The Acting Director of Court Services and Director of Fiscal Affairs responded as follows:

As of October 17, 2005, the new statewide Common Pleas Case Management System (hereafter CPCMS) verifies all receipts with supportive documentation, regardless of payment type. All deposits are reconciled with validated receipts to deposit slips on a daily basis. All manual receipts are sequentially numbered and are cross-referenced with the corresponding CPCMS receipt.

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

Finding No. 4 - Inadequate Internal Controls Over The Bank Accounts

The Clerk of the Court of Common Pleas office (Clerk) deposits bail into the bail account and deposits fines, fees, and costs into the general account. Our review of the accounting records for the Clerk disclosed the following deficiencies in the internal controls over the bank accounts:

- There was no accountability over undisbursed funds in the general and bail accounts. At July 31, 2005, cash on hand exceeded recorded obligations in the general account by \$337,377.48. Because there was not a listing of undisbursed funds for the bail account, we were unable to reconcile the adjusted bank balance to recorded obligations.
- There were 226 stale checks in the general account, totaling \$32,536.58, dated from May 16, 2003 to March 22, 2005, which were still outstanding as of July 31, 2005.
- Of 12 months tested in the general account, 8 bank reconciliations were not prepared timely. The time lapse from the end of the month to the time that the bank reconciliation was prepared ranged from 29 to 62 days.
- There were two personal checks that were cashed out of the office's general account receipts.

These conditions existed because the Clerk failed to establish adequate internal controls over its bank accounts.

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 cash on hand should equal unpaid obligations.
- Adequate procedures are established to follow-up on all stale 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.

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
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Finding No. 4 - Inadequate Internal Controls Over The Bank Accounts (Continued)

- Bank reconciliations are prepared on a timely basis.
- All receipts are deposited intact, i.e. no personal checks are cashed from office receipts.

Without a good system of internal controls over the bank accounts, the potential is increased that funds could be lost, stolen, or misappropriated.

The condition of inadequate accountability over undisbursed funds in the general account was also cited in our last two audit periods, the most recent ending December 31, 2000.

Recommendations

We recommend that the Clerk establish and implement an adequate system of internal controls over the bank accounts as noted above. We again recommend that the Clerk establish and implement an adequate system of internal controls over the undisbursed funds in the general account.

Auditee Response

The Acting Director of Court Services and Director of Fiscal Affairs responded as follows:

On October 26, 2006, the Acting Director of Court Services, Clerk of Court and Acting Lead Deputy attended an Administrative Office of Pennsylvania Courts CPCMS seminar in Mechanicsburg, PA regarding fiscal accounting in CPCMS. Personnel within the Clerk of Courts are now trained to provide checks and reports. Personnel in Criminal are working with the State to produce additional reports from CPCMS that identify money collected but not yet paid out. The Division has identified current liabilities for the new account and has reconciled the cash balance to the liabilities. In conjunction with Information Services, the Criminal Division is creating reports for the identification of money within the older Bail Account. A case-by-case analysis will have to be undertaken to reconcile this account. The same will have to be initiated with the old General Account. A review of the County of Northampton's escheating policy is being formulated by Fiscal Affairs. The Criminal Division has been deficient in escheating to the Commonwealth for years. New policies will be drafted to address this issue and recommend that the Controller's Office follow up with other offices within the County. New policies were introduced wherein, all bank reconciliations are conducted by the 15th of the following month and no personal checks will be cashed out of any account.

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

Finding No. 5 - Inadequate Procedures Utilized In Assessing And Disbursing Costs And Fees

During the course of our audit, we noted that the Clerk of the Court of Common Pleas office (Clerk) did not assess certain costs and fees as mandated by law. Of 60 cases tested, we noted the following discrepancies:

- There were eight cases in which the incorrect amount was assessed for Department of Revenue court costs.
- There were three cases in which Judicial Computer System/Access To Justice (JCS/ATJ) fees were not assessed.
- There were six cases in which Offender Supervision fees were not assessed.
- There were 12 cases in which Offender Supervision fees on a Driving Under the Influence violation was assessed properly but disbursed incorrectly. The fee was disbursed 100% to the County, and not split 50% to the County and 50% to the Commonwealth, as required by law.
- There were six cases in which an incorrect amount was assessed for Crime Commission/Victim Witness Services costs.
- There were five cases in which the Substance Abuse Education costs were assessed properly but disbursed incorrectly. The costs were disbursed 100% to the Commonwealth, and not 50% to the County and 50% to the Commonwealth, as required by law.

The improper assessing of these costs and fees resulted in the defendant not being assessed the proper amount of fines and costs associated with the violation; which caused a loss of revenue to the Commonwealth and/or County. Additionally, the incorrect disbursing of the costs and fees resulted in an improper distribution to the Commonwealth and County.

These incorrect assessments and disbursements occurred because the office failed to comply with applicable laws and regulations.

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

Finding No. 5 - Inadequate Procedures Utilized In Assessing And Disbursing Costs And Fees (Continued)

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

- Title 42 Pa. C.S.A. § 1725.1 provides for the collection of Department of Revenue court costs in varying amounts depending on whether the violation is a summary, misdemeanor, or felony.
- Title 42 Pa. C.S.A. § 3733 provides for the collection of JCS/ATJ fees. It should be noted that these fees should not be assessed on Accelerated Rehabilitative Disposition (ARD) cases.
- Title 18 P.S. § 11.1102 provides for the collection of the Probation Supervision Fee.
- Title 18 P.S. § 11.1101 provides for the collection of the Crime Commission/Victim Witness Services costs.
- Substance Abuse Education Costs amended Title 18 by adding Section 7508. This section imposed a new \$100.00 cost on driving under the influence (DUI) offenses and on all drug related offenses covered in the Controlled Substance, Drug, Device and Cosmetic Act. Also, effective February 1, 2004, DUI offenses in which the offender's blood alcohol level is greater than .16% require an additional \$200 cost. The cost is to be disbursed 50% to the Commonwealth and 50% to the County.

Recommendation

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

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

Finding No. 5 - Inadequate Procedures Utilized In Assessing And Disbursing Costs And Fees (Continued)

Auditee Response

The Acting Director of Court Services and Director of Fiscal Affairs responded as follows:

As of October 17, 2005, with the institution of the CPCMS system, all costs and fines are assessed at the time of sentencing. Based upon conviction of particular offenses, the assessments are usually statutorily mandated. The Sentence Detail screen of CPCMS populates a grid with a list of all potential statutory costs and fines related to an offense. Most costs and fines are mandated by law are prescribed and cannot be edited. For all other costs and fines, the Clerk of Court shall review the law pertaining to assessments as mandated. This should significantly reduce clerical error in assessing costs and fines.

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
COMMENT
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

Comment - Compliance With Prior Audit Recommendation

During our prior audit, we made the following recommendation:

- That the office ensure that all receipts are issued in consecutive order.

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

CLERK OF THE COURT OF COMMON PLEAS
NORTHAMPTON COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2001 TO JULY 31, 2005

This report was initially distributed to:

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Acting Secretary
Pennsylvania Department of Revenue

Mr. Thomas J. Dougherty
Director
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The Honorable Zygmunt Pines
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

Clerk of The Court of Common Pleas
Northampton County
Northampton County Courthouse
Northampton, PA 18042

Ms. Leigh Ann Fisher	Clerk of The Court of Common Pleas
The Honorable John T. Schimmel	Controller
The Honorable John Stoffa	County Executive
Mr. William B. Hillanbrand	Acting Director of Court Services
Mr. Victor Mazziotti	Director of Fiscal Affairs
The Honorable John Morganelli	Northampton County District Attorney

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. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.