

CLERK OF THE COURT OF COMMON PLEAS AND
PROBATION AND PAROLE DEPARTMENT

PERRY COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2002 TO MARCH 31, 2005

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Independent Auditor's Report

The Honorable Gregory C. Fajt
Secretary
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 and the Probation and Parole Department, Perry County, Pennsylvania (County Officers), for the period January 1, 2002 to March 31, 2005, pursuant to the requirements of Section 401(b) and 902 of *The Fiscal Code*. These financial statements are the responsibility of the county offices' management. Our responsibility is to express an opinion on these statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 statements were 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 statements 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 statements present only the Commonwealth portion of cash receipts and disbursements and are not intended to present fairly the financial position and results of operations of the County Officers, 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 statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County Officers, as of March 31, 2005, the changes in its financial position, or where applicable, its cash flows for the period then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the operations of the County Officers as it pertains to receipts made on behalf of the Department of Revenue and other state agencies for the period January 1, 2002 to March 31, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2006, on our consideration of the County Officers' 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 Officers and is not intended to be and should not be used by anyone other than these specified parties.

December 12, 2006

JACK WAGNER
Auditor General

CLERK OF THE COURT OF COMMON PLEAS AND
PROBATION AND PAROLE DEPARTMENT
PERRY COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
FOR THE PERIOD
JANUARY 1, 2002 TO MARCH 31, 2005

Receipts:

Department of Transportation		
Title 75 Fines	\$	50,494.55
DUI Fines		21,023.71
Child Restraint Law Fines		50.00
Substance Abuse Education Costs		8,660.47
Department of Revenue Court Costs		25,698.44
Crime Victims' Compensation Costs		38,854.49
Crime Commission Costs/Victim Witness Services Costs		35,173.01
Domestic Violence Costs		9,743.12
Emergency Medical Service Fines		7,663.95
DNA Detection Fund Costs		2,114.00
DUI - ARD/EMS Fees		5,283.00
CAT/MCARE Fund Surcharges		47,832.42
Judicial Computer System/Access to Justice Fees		9,039.28
Offender Supervision Fees		173,107.25
Probation and Parole Officers' Firearm Education Costs		6,796.94
Criminal Laboratory Users' Fees		11,884.77
Office of Victims' Services Costs		6,279.21
State Police Costs		16,186.16
Miscellaneous State Fines		<u>2,863.97</u>
 Total receipts (Note 2)	 \$	 478,748.74
 Disbursements to Commonwealth (Note 3)		 <u>(479,069.42)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 (320.68)
 Audit Adjustment (Note 5)		 <u>365.68</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2002 to March 31, 2005	 \$	 <u>45.00</u>

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

PROBATION AND PAROLE DEPARTMENT
 PERRY COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
 FOR THE PERIOD
 JANUARY 1, 2002 TO MARCH 31, 2005

Receipts:

Department of Welfare Costs	\$	23,717.68
Department of Revenue Costs		2,054.69
State Police Costs		1,459.21
Attorney General Costs		5,348.39
Department of Transportation Costs		<u>275.00</u>
Total Receipts		32,854.97
Disbursements to Commonwealth (Note 3)		<u>(32,854.97)</u>
Balance due Commonwealth (County)		-
Audit adjustments		-
Adjusted balance due Commonwealth (County) for the period January 1, 2002 to March 31, 2005	\$	<u><u>-</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS AND
PROBATION AND PAROLE DEPARTMENT
PERRY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD
JANUARY 1, 2002 TO MARCH 31, 2005

1. Summary Of Significant Accounting Policies

Basis Of Presentation

The financial statements were prepared in accordance with the requirements of the Pennsylvania Department of Revenue. These financial statements are not intended to present either financial results of operations or financial position in conformity with generally accepted accounting principles.

Basis Of Accounting

The financial statements were 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 Title 72 P.S. Section 401 (b) of *The Fiscal Code*, 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 and Probation and Parole Department. 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 AND
PROBATION AND PAROLE DEPARTMENT
PERRY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD
JANUARY 1, 2002 TO MARCH 31, 2005

3. Disbursements

Clerk Of The Court Of Common Pleas

Total disbursements are comprised as follows:

Clerk of The Court checks issued to:

Department of Revenue	\$ 462,883.26
State Police	<u>16,186.16</u>
Total	<u>\$ 479,069.42</u>

Probation And Parole Department

Total disbursements are comprised as follows:

Probation and Parole Department checks issued to:

Department of Welfare	\$ 23,717.68
Department of Revenue	2,054.69
State Police	1,459.21
Attorney General	5,348.39
Department of Transportation	<u>275.00</u>
Total	<u>\$ 32,854.97</u>

4. Balance Due Commonwealth (County) For The Period January 1, 2002 To March 31, 2005

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue.

CLERK OF THE COURT OF COMMON PLEAS AND
PROBATION AND PAROLE DEPARTMENT
PERRY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD
JANUARY 1, 2002 TO MARCH 31, 2005

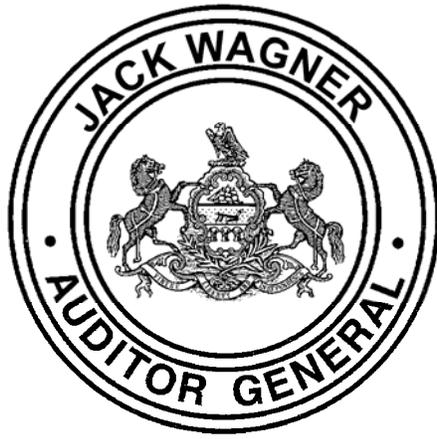
5. Audit Adjustment

During our prior audit, January 1, 1998 to December 31, 2001, we determined that there was a balance due to the Commonwealth of \$365.58. This balance due was paid in February 2003.

6. County Officers Serving During Audit Period

Brenda J. Albright served as the Clerk of The Court of Common Pleas for the period January 1, 2002 to March 31, 2005.

Robert A. Shull served as Chief Probation Officer of the Probation and Parole Department for the period January 1, 2002 to March 31, 2005.



Report On Compliance And On
Internal Control Over Financial Reporting

The Honorable Gregory C. Fajt
Secretary
Department of Revenue
Harrisburg, PA 17128

We have audited the statements of receipts and disbursements – cash basis of the Clerk of The Court of Common Pleas and Probation and Parole Department, Perry County, Pennsylvania (County Officers), for the period January 1, 2002 to March 31, 2005, and have issued our report thereon dated December 12, 2006. 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 Officers' financial statements are 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County Officers' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could

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

adversely affect the County Officers' ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition described in the finding is as follows:

- Inadequate Accountability Over Undisbursed Funds - Clerk of The Court of Common Pleas.

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 statements 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 the reportable condition described above to be a material weakness.

We are concerned in light of the Clerk of Court's failure to correct a previously reported audit finding regarding inadequate accountability over undisbursed funds. The Clerk of Court should strive to implement the recommendation and corrective action noted in this audit report. During our current audit, we noted a significant weakness in the internal controls over undisbursed funds that need corrective action. This significant deficiency increases the potential for funds to be 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.

December 12, 2006

JACK WAGNER
Auditor General

CLERK OF THE COURT OF COMMON PLEAS
PERRY COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2002 TO MARCH 31, 2005

Finding - Inadequate Accountability Over Undisbursed Funds - Clerk of The Court of Common Pleas

Our audit disclosed that the Clerk of Court did not have adequate accountability over undisbursed funds. Undisbursed receipts were not reconciled properly with the ending cash balance on a monthly basis. As of March 31, 2005, the Clerk of Court had cash on hand exceeding recorded obligations by \$11,129.42.

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.

These conditions existed because the office failed to establish adequate internal controls over its undisbursed funds.

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

This finding was cited in the prior audit for the period ending December 31, 2001.

Recommendation

We again recommend that the office attempt to identify the existing cash overage. Any unidentified funds should be accounted for under normal escheat procedures. Furthermore, the office should ensure that reconciled cash equals unpaid obligations monthly.

Auditee Response

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

Problems occurred during migration from the old "Cott Computer System" to the "Full Court Computer System" that made it extremely difficult to determine the cause of the undisbursed receipts, especially since the overage seemed to haphazardly increase. The current CPCMS computer system is supposed to correct this problem, and hopefully the overage will remain constant so that a detailed identification process could be conducted.

CLERK OF THE COURT OF COMMON PLEAS
PERRY COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2002 TO MARCH 31, 2005

Finding - Inadequate Accountability Over Undisbursed Funds - Clerk of The Court of Common Pleas (Continued)

Auditor's Conclusion

With any computer system that the office utilizes, the office should establish and implement procedures to ensure that all undisbursed funds are adequately identified, the ending adjusted bank balance is reconciled with liabilities on a monthly basis, and any discrepancies are immediately investigated and resolved. We strongly recommend that the Clerk of Court of Common Pleas take all corrective actions necessary to comply with all our recommendation. The failure to implement the recommended procedures increases the potential for funds to be lost, stolen, or misappropriated.

PROBATION AND PAROLE DEPARTMENT
PERRY COUNTY
COMMENT
FOR THE PERIOD
JANUARY 1, 2002 TO MARCH 31, 2005

Comment - Compliance With Prior Audit Recommendations

During our prior audit, we made the following recommendations to the Probation and Parole Department:

- That the office establish and implement an adequate system of internal controls over receipts.
- That the office prepare a report for undisbursed receipts, and reconcile this report to its ending cash balance on a monthly basis.
- That the office provide for greater segregation of duties within the office.
- That the office adequately safeguard all monies collected at all times.
- That the office submit Crime Victims' Compensation payments to the Clerk of the Court of Common Pleas' office in a timely manner.

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



CLERK OF THE COURT OF COMMON PLEAS AND
PROBATION AND PAROLE DEPARTMENT
PERRY COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2002 TO MARCH 31, 2005

This report was initially distributed to:

The Honorable Gregory C. Fajt
Secretary
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

Clerk of The Court of Common Pleas
Perry County
Perry County Courthouse
Perry, PA 17068

The Honorable Brenda J. Albright

Clerk of The Court of Common Pleas

The Honorable John J. Amsler

Chairman of the Board of Commissioners

Mr. Robert A. Shull

Chief Probation Officer, Probation and
Parole Department

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.