

CLERK OF THE COURT OF COMMON PLEAS

NORTHUMBERLAND COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2003 TO JULY 20, 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, Northumberland County, Pennsylvania (County Officer), for the period January 1, 2003 to July 20, 2005, pursuant to the requirements of Section 401(b) and 902 of *The Fiscal Code*. 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 20, 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 Department of Revenue and other state agencies for the period January 1, 2003 to July 20, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2006, 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.

July 19, 2006

JACK WAGNER
Auditor General

CLERK OF THE COURT OF COMMON PLEAS
NORTHUMBERLAND COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
FOR THE PERIOD
JANUARY 1, 2003 TO JULY 20, 2005

Receipts:

Department of Transportation		
Title 75 Fines	\$	63,302.29
Department of Revenue Court Costs		50,812.40
Crime Victims' Compensation Costs		61,055.24
Crime Commission Costs/Victim Witness Services Costs		48,763.50
Department of Public Welfare		
Domestic Violence Costs		13,306.48
Costs		46,067.68
Department of Environmental Protection Fines		25,762.00
Fish and Boat Commission Fines		446.00
Office of the Attorney General Costs		6,181.35
Pennsylvania State Police Costs		2,217.23
Emergency Medical Services Fines		6,904.07
DUI - ARD/EMS Fees		11,700.00
CAT/MCARE Fund Surcharges		67,325.15
Judicial Computer System/Access to Justice Fees		7,093.66
Offender Supervision Fees		412,969.89
Protection from Abuse Fines		3,169.57
Constable Service Surcharges		2,611.50
DNA Detection Fund Fees		12,867.83
Criminal Laboratory Users' Fees		3,443.50
Probation and Parole Officers' Firearm Education Costs		9,990.49
Substance Abuse Education Costs		28,800.71
Office of Victims' Services Costs		8,531.49
		<hr/>
Total receipts (Note 2)	\$	893,322.03
Disbursements to Commonwealth (Note 3)		<u>(893,334.53)</u>
Balance due Commonwealth (County) per settled reports (Note 4)		(12.50)
Audit adjustments		<hr/> -
Adjusted balance due Commonwealth (County) for the period January 1, 2003 to July 20, 2005	\$	<u>(12.50)</u>

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

CLERK OF THE COURT OF COMMON PLEAS
NORTHUMBERLAND COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD
JANUARY 1, 2003 TO JULY 20, 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 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. 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
NORTHUMBERLAND COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD
JANUARY 1, 2003 TO JULY 20, 2005

3. Disbursements

Total disbursements and credits are comprised as follows:

Clerk of The Court checks issued to:

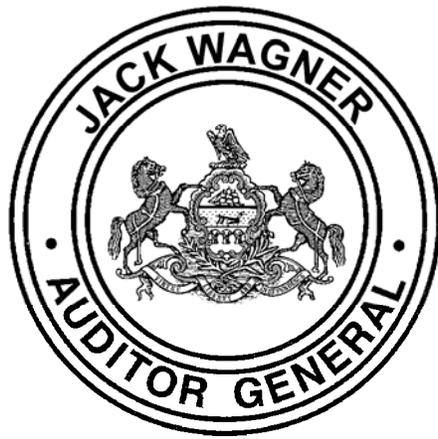
Department of Revenue	\$ 883,636.45
Office of the Attorney General	6,181.35
Pennsylvania State Police	2,217.23
Department of Welfare	1,000.00
Office of Victims' Services	<u>299.50</u>
Total	<u>\$ 893,334.53</u>

4. Balance Due Commonwealth (County) For The Period January 1, 2003 To July 20, 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. County Officer Serving During Audit Period

Suzanne Vastine-Smith served as the Clerk of The Court of Common Pleas for the period January 1, 2003 to July 20, 2005.



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, Northumberland County, Pennsylvania (County Officer), for the period January 1, 2003 to July 20, 2005, and have issued our report thereon dated July 19, 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 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*.

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 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 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:

- Inadequate Environmental Controls.
- Inadequate Stale Check Procedures.

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. However, of the reportable conditions described above, we consider the first bulleted item to be a material weakness.

We are concerned in light of the County Officer's failure to correct a previously reported audit finding regarding inadequate environmental controls. The County Officer should strive to implement the recommendation and corrective action noted in this audit report. During our current audit, we noted several weaknesses in the internal controls over environmental controls and stale check procedures that need corrective action. These significant deficiencies increase the risk 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 Officer and is not intended to be and should not be used by anyone other than these specified parties.

July 19, 2006

JACK WAGNER
Auditor General

CLERK OF THE COURT OF COMMON PLEAS
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2003 TO JULY 20, 2005

Finding No. 1 - Inadequate Environmental Controls

During the course of our audit, it became apparent that the physical environment within the Clerk of the Court of Common Pleas' (Clerk) court costs section, did not promote efficient and adequate safeguarding of Commonwealth assets. The areas of concern included the following:

- Unauthorized personnel, including defendants, were allowed access to the office work area and had access to official files, payment records, dockets, secretaries' desks, and the cash register.
- The office itself does not appear to be sufficient size to accommodate the office staff and the records generated by their office.

The operation of the Clerk's office is the responsibility of the officeholder. It is the officeholder's duty to oversee the office so that it operates efficiently and with the maximum amount of controls.

When persons not employed by the Clerk's office have access to official files, records, and office equipment, the potential exists for serious problems to develop within the internal control of the Clerk's office.

This finding was cited in our last two audit periods, the most recent ending December 31, 2002.

Recommendation

We again recommend that the responsible Northumberland County officials evaluate the physical environment and make necessary changes to better safeguard assets and improve efficiency.

Auditee Response

Management responded as follows:

Regarding inadequate environmental control, we agree there are inadequate environment controls in the facility and in the security of the Northumberland County Prothonotary's office. It has been our goal and aspiration for many years to improve the same, however, due to the age of the building and funds available, the same has been next to impossible. Any help we can receive from you would be greatly appreciated.

CLERK OF THE COURT OF COMMON PLEAS
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2003 TO JULY 20, 2005

Finding No. 2 - Inadequate Stale Check Procedures

Our examination of the office's Court Costs Collection checking account disclosed that the office was carrying 138 outstanding checks totaling \$12,523.06 dated from July 1, 2002 to April 5, 2005, that were still outstanding as of July 20, 2005.

The office did not take appropriate follow-up action on long outstanding checks.

Good internal accounting controls require that the office follow-up on all stale checks. If a check is outstanding for a period of 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.

The failure to follow these procedures results in a weakening of internal controls over the cash account and inefficiency caused by the needless record-keeping of stale checks.

This condition existed because the office failed to establish adequate internal controls over its outstanding check procedures.

Recommendation

We recommend that the office establish and implement a procedure whereby outstanding checks are reviewed monthly to determine if there are any long outstanding checks. If checks remain outstanding and attempts to contact payees after 90 days are unsuccessful, the office should reinstate the amount of stale checks to the checking account and subsequently hold these monies in escrow for unclaimed escheatable funds.

Auditee Response

Management responded as follow:

Regarding the inadequate stale check procedure, please be advised that we have spoken with staff in charge of collections and we have stepped up efforts regarding contacting the victims to whom restitution is due. It is unfortunate that many of the victims do not keep contact with the District's Attorney's office and/or the victim's coordinator to allow this to happen in a readily and expedited manner. We have also contacted the victim's coordinator's office in an attempt to work with them toward the above end goal.

CLERK OF THE COURT OF COMMON PLEAS
NORTHUMBERLAND COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2003 TO JULY 20, 2005

This report was initially distributed to:

Mr. Thomas W. Wolf
Acting 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

Clerk of The Court of Common Pleas
Northumberland County
Northumberland County Courthouse
Northumberland, PA 17801

The Honorable Suzanne Vastine-Smith	Clerk of The Court of Common Pleas
The Honorable Charles E. Erdman, Jr.	Controller
The Honorable Samuel S. Deitrick	Chairman of the Board of Commissioners

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.