

COMPLIANCE AUDIT

Prothonotary
Beaver County, Pennsylvania
For the Period
January 1, 2019 to December 31, 2021

December 2023



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov**

**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable Pat Browne
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have conducted a compliance audit of the Prothonotary, Beaver County, Pennsylvania (County Officer), for the period January 1, 2019 to December 31, 2021, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d).

The objective of the audit was to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted and to provide a report to the Department of Revenue to allow the Department of Revenue to state and settle the County Officer's account. Our audit was limited to areas related to the objective identified above and was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

The County Officer is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted. The County Officer is also responsible for complying with those laws and regulations. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, we conclude that, for the period January 1, 2019 to December 31, 2021, the County Officer, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted, except as noted in the finding listed below and discussed later in this report:

- Inadequate Internal Controls Over The Bank Account - Recurring.

This report includes a summary of the County Officer's receipts and disbursements of funds collected on behalf of the Commonwealth (summary). We obtained data representing the County Officer's receipts and disbursements from the Pennsylvania Department of Revenue and Administrative Office of the Pennsylvania Courts, which obtains data from each of the Commonwealth's prothonotaries offices and used the data to create the summary in the format required by the Department of Revenue. We also evaluated the accuracy of the data as part of our audit to conclude on the County Officer's compliance with certain state laws and regulations as described in the previous paragraph. Any adjustments that we considered necessary based on our audit work are disclosed in the *Audit Adjustments* line of the summary; however, the scope of our audit does not include the issuance of an opinion on the accuracy of the amounts reported in the summary.

The purpose of this report is to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted. This report is not suitable for any other purposes.

The contents of this report were discussed with the County Officer's management. We appreciate the courtesy extended to us by the Beaver County Prothonotary during the course of our audit. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line above the first name.

Timothy L. DeFoor
Auditor General
November 15, 2023

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PROTHONOTARY
BEAVER COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

The Department of Auditor General is mandated by Article IV, Section 401(b) and (d) of *The Fiscal Code* (Act of April 9, 1929, P.L.343, No. 176), 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.

Receipts consist of monies 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 of \$.50 or \$.25 imposed on taxable instruments filed with the Prothonotary.
- Divorce Complaint Surcharges of \$10 imposed on all divorce decrees.
- Judicial Computer System/Access To Justice Fees of \$40.25 imposed on all petitions for grant of letters, and first filings in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts.
- Protection From Abuse Surcharges of \$100 imposed against defendants when a protection order is granted as a result of a hearing. Protection From Abuse Contempt Fines of not less than \$300 nor more than \$1,000 imposed against a defendant who is found to be in violation of a protection from abuse order.
- Criminal Charge Information System Fees 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. The statement of receipts and disbursements only reflects the portion collected on behalf of the AOPC.

PROTHONOTARY
BEAVER COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$ 306,296
Administrative Office of Pennsylvania Courts	<u>4,481</u>
Total	<u><u>\$ 310,777</u></u>

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects a summary of receipts disbursed directly to the Administrative Office of Pennsylvania Courts.

Nancy Werme served as Prothonotary for the period of January 1, 2019 to December 31, 2019.

Michael Rossi served as Prothonotary during the period January 1, 2020 to December 31, 2021.

The summary of receipts and disbursements provides a summary of receipts and disbursements by category. The categories and the amounts of taxes, surcharges, fines, and fees assessed are based on Pennsylvania laws and regulations.

The summary was prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Revenue. Under this method, only the Commonwealth portion of cash receipts and disbursements are presented, revenues are recognized when received, and expenditures are recognized when paid.

PROTHONOTARY
 BEAVER COUNTY
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2019 TO DECEMBER 31, 2021

Receipts:

Writ Taxes	\$	5,360
Divorce Complaint Surcharges		11,430
Judicial Computer System/Access To Justice Fees		289,667
Criminal Charge Information System Fees		<u>4,481</u>
Total Receipts		310,938
Commissions		<u>(161)</u>
Net Receipts		310,777
Disbursements to Commonwealth		<u>(310,777)</u>
Balance due Commonwealth (County) per settled reports		-
Audit adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2019 to December 31, 2021	\$	<u><u>-</u></u>

PROTHONOTARY
BEAVER COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Finding - Inadequate Internal Controls Over the Bank Account - Recurring

We cited the issue of inadequate accountability over the bank account in our prior audit report for the period January 1, 2016 to December 31, 2018. Our current audit found that the office did not correct the issue.

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

- Bank reconciliations were not accurately prepared or timely reviewed by management.
- A check register, which would include a running book balance, was not available for audit.
- There was inadequate accountability over funds held in escrow. At December 31, 2021, recorded obligations in the general fund checking account exceeded funds on hand by \$33,345. The shortage of funds in the account was due to the funds not being transferred from another account.
- There were 16 outstanding checks totaling \$2,126 dated from April 6, 2015 to January 22, 2021, that were still outstanding as of December 31, 2021.

These conditions existed because the officeholder changed and the new officeholder failed to recognize the recommendations in our prior report.

A good system of internal controls ensures that:

- Bank statements are properly reconciled to the book balances on a monthly basis and reviewed timely by someone other than the preparer. Any discrepancies are immediately investigated and resolved.
- A valid check register balance should be maintained and reconciled to the general account bank balance.
- The ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the office bank account is essentially an escrow account on behalf of the Commonwealth, County, and other participating entities, all available funds on hand should equal unpaid obligations.

PROTHONOTARY
BEAVER COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Finding - Inadequate Internal Controls Over the Bank Account - Recurring (Continued)

- The office follow-up on all outstanding checks. If a check is outstanding for a period over 180 days, efforts should be made to locate the payee. If efforts to locate the payee are unsuccessful, the amount of the check should be removed from the outstanding checklist, added back to the checkbook balance, and subsequently held in escrow for unclaimed escheatable funds.

Without a good system of internal controls over the bank account, the possibility of funds being lost or misappropriated increases significantly. In addition, the failure to follow-up on outstanding check procedures results in a weakening of internal controls over the cash account and inefficiency caused by the needless record-keeping of outstanding checks.

Recommendation

We strongly recommend that the office establish and implement an adequate system of internal controls over the bank account as noted above.

Management's Response

The County Officer responded as follows:

The Prothonotary's office will now closely follow all monies deposited and distributed via check from its bank account. A monthly report will be submitted by our bookkeeper on all transactions during the month as to keep an accurate account balance. A reconciliation will be done monthly to ensure deposits equal disbursements. Disbursements will be done in a timely manner, with close attention paid to un-cashed checks, and appropriate action taken to determine the cause. All checks not cashed within 30 days (as posted on the check) will be reentered into the Prothonotary's bank account. Due diligence will be done to find the cause of un-cashed checks and will either be reissued or escheated to the State at the appropriate time.

The Current Prothonotary has recognized in the 2023 audit that past recommendations by the State have gone un-noticed. Moving forward, the current Prothonotary will follow the recommended guidelines to the best of its ability in an effort to comply with our financial responsibilities in maintaining accurate book-keeping records.

PROTHONOTARY
BEAVER COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Finding - Inadequate Internal Controls Over the Bank Account - Recurring (Continued)

Auditor's Conclusion

We appreciate the current officeholder's effort to correct these issues. This is a recurring finding. It is imperative that this office establishes adequate internal controls over the bank account. The risk of lost or misappropriated funds continues to exist as long as these deficiencies exist. During our next audit, we will determine if the office has complied with our recommendation.

PROTHONOTARY
BEAVER COUNTY
SUMMARY OF PRIOR AUDIT RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Summary Of Prior Audit Recommendation

During our prior audit, we recommended that the office:

- Attempt to identify all existing liabilities associated with the office bank account and take appropriate action. Any unidentified funds should be accounted for under normal escheat procedures. We further recommended that the office ensure that reconciled cash equals unpaid obligations monthly.

During our current audit, we noted that the office did not comply with our recommendation. Please see the current year finding for additional information.

PROTHONOTARY
BEAVER COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

This report was initially distributed to:

The Honorable Pat Browne
Secretary
Pennsylvania Department of Revenue

The Honorable Andrea Tuominen
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable Michael Rossi
Prothonotary

The Honorable Maria Longo
Controller

The Honorable Daniel C. Camp, III
Chairperson of the Board of Commissioners

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.