

PROTHONOTARY
YORK COUNTY
EXAMINATION REPORT
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

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Independent Auditor's Report

The Honorable Thomas W. Wolf
Secretary
Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of the Prothonotary, York County, Pennsylvania (County Officer), for the period January 1, 2004 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). This Statement is the responsibility of the county office's management. Our responsibility is to express an opinion on this Statement based on our examination.

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 Statement 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*.

Independent Auditor's Report (Continued)

In our opinion, the Statement referred to above presents, 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 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 Statement 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 Statement is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Statement 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, along with the views of management, are described in the Findings and Recommendations section of the report.

We are concerned in light of the County Officer's failure to correct a previously reported finding regarding inadequate accountability over funds held in escrow. The County Officer should strive to implement the recommendations and corrective action noted in this examination report. In addition, during our current examination, we noted weaknesses in the internal controls over the bank account that need corrective action. This significant deficiency increases 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.

September 12, 2007

JACK WAGNER
Auditor General

PROTHONOTARY
YORK COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

Receipts:

Writ Taxes	\$ 12,907
Divorce Complaint Surcharges	39,820
Judicial Computer System/Access To Justice Fees	204,609
Protection From Abuse Surcharges and Contempt Fines	9,559
Criminal Charge Information System Fees	<u>9,340</u>
Total Receipts (Note 2)	276,235
Commissions (Note 3)	<u>(385)</u>
Net Receipts	275,850
Disbursements to Commonwealth (Note 4)	<u>(275,635)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	215
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2004 to December 31, 2006	<u><u>\$ 215</u></u>

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

PROTHONOTARY
YORK COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

1. Criteria

The Statement of Receipts and Disbursements (Statement) 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 Pennsylvania Department of Revenue (Department of Revenue) with a report to enable them to settle an account covering any delinquency.

The Statement was 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

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 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.
- 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.

PROTHONOTARY
YORK COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
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2. Receipts (Continued)

- 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. The fee was \$5.00 for the period January 1, 2003 to December 31, 2004, \$6.00 for the period January 1, 2005 to December 31, 2005, and \$6.50 for the period January 1, 2006 to December 31, 2006. 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.

4. Disbursements

Total disbursements are comprised as follows:

Prothonotary checks issued to:

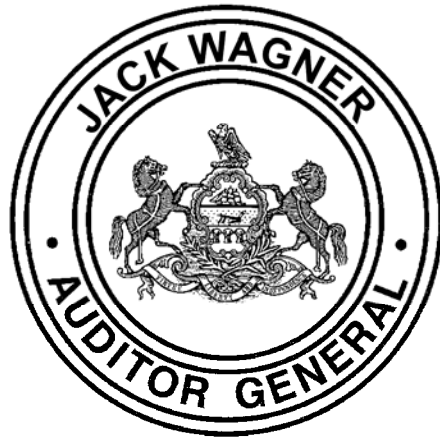
Department of Revenue	\$ 266,295
Administrative Office of Pennsylvania Courts	<u>9,340</u>
Total	<u><u>\$ 275,635</u></u>

5. Balance Due Commonwealth (County) For The Period January 1, 2004 To December 31, 2006

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.

6. County Officer Serving During Examination Period

Pamela S. Lee served as Prothonotary during the period January 1, 2004 to December 31, 2006.



PROTHONOTARY
YORK COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

Finding No. 1 - Inadequate Accountability Over Funds Held In Escrow

Our examination disclosed that accountability over cash held in escrow was inadequate. During the examination period, the computer system did not provide the office with a list of liabilities. Therefore, the office was not able to compare cash on hand with liabilities.

Good internal accounting control procedures ensure that 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 cash on hand should equal unpaid obligations.

This condition existed because the office failed to establish and implement an adequate system of internal controls over funds held in escrow. In addition, the computer did not allow for a liabilities list to be prepared from the Prothonotary's cash on hand.

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

This finding was cited in the prior audit period ending December 31, 2003.

Recommendation

We again recommend that the ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved.

Management's Response

The Prothonotary responded as follows:

Our new computer system will provide a report showing escrow accountability.
(Hopefully ready in January 2008)

PROTHONOTARY
YORK COUNTY
FINDINGS AND RECOMMENDATIONS
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Finding No. 2 - Inadequate Internal Controls Over Bank Account

Our examination disclosed that accountability over receipts and deposits was inadequate. In 31 of 50 days tested, the mix of cash and checks per the income records did not agree with the mix of cash and checks recorded on the corresponding deposit slips. However, the total deposited for the day agreed to the total reported as collected.

This condition existed because the office allowed employees to cash personal checks against the cash collected that day.

A good system of internal controls ensures that all receipts are deposited intact on the same day as collected.

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

Recommendations

We recommend that the office discontinue the practice allow the cashing of personal checks. We further recommend that the office establish and implement procedures to ensure that all collections are deposited intact on the same day collected.

Management's Response

The Prothonotary responded as follows:

This has been corrected.

PROTHONOTARY
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Finding No. 3 - Commonwealth's Portion Of Revenue Was Not Always Transmitted Timely

Our examination disclosed that 22 out of 36 payments made to the Department of Revenue for the Commonwealth's portion of taxes, surcharges, fees, and fines collected, were not always transmitted within the time period required. Furthermore, collections from December 2003 to November 2005, for writ taxes and judicial computer system/access to justice fees on protection from abuse cases were not remitted to the Department of Revenue until December 29, 2005. A portion of collections from January 2006 to May 2006, for writ taxes and judicial computer system/access to justice fees on protection from abuse cases was not remitted to the Department of Revenue until June 9, 2006.

The Department of Revenue issues instructions for preparing the monthly report and submitting the fines and costs due on the back of the monthly report entitled "Summary of Collections Report for Fines and Costs." These instructions indicate that the report must be submitted no later than the fifth day of the month following collection. Effective June 26, 2006, the due date is the 10th day of the month following collection.

The following schedule identifies those funds which were transmitted late:

<u>Month/Year</u>	<u>Date Payment Due</u>	<u>Issue Date</u>	<u>Amount Due</u>
May 2004	06/05/04	06/08/04	\$ 7,374.25
June 2004	07/05/04	07/07/04	6,162.50
August 2004	09/05/04	09/13/04	6,337.07
September 2004	10/05/04	10/06/04	7,082.97
November 2004	12/05/04	12/10/04	6,409.65
December 2004	01/05/05	01/07/05	6,869.77
January 2005	02/05/05	02/10/05	6,616.36
February 2005	03/05/05	03/07/05	5,903.52
April 2005	05/05/05	05/10/05	7,167.04
May 2005	06/05/05	06/13/05	6,544.26
June 2005	07/05/05	07/06/05	6,923.51
July 2005	08/05/05	08/08/05	7,107.64
October 2005	11/05/05	11/09/05	6,564.62
November 2005	12/05/05	12/07/05	6,663.24
December 2005	01/05/06	01/10/06	6,897.53
January 2006	02/05/06	02/14/06	6,537.64
March 2006	04/05/06	04/14/06	8,054.45
April 2006	05/05/06	05/10/06	6,744.57
May 2006	06/05/06	06/09/06	7,618.83
September 2006	10/10/06	10/11/06	8,488.63

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Finding No. 3 - Commonwealth's Portion Of Revenue Was Not Always Transmitted Timely
(Continued)

<u>Month/Year</u>	<u>Date Payment Due</u>	<u>Issue Date</u>	<u>Amount Due</u>
October 2006	11/10/06	11/17/06	\$ 7,380.60
November 2006	12/11/06	12/12/06	<u>8,403.63</u>
Total			<u><u>\$153,852.28</u></u>

The above-noted conditions resulted in the Department of Revenue not receiving Commonwealth monies in a timely manner.

Recommendation

We recommend that the office transmit the summary of collections report and payment of the Commonwealth's portion of taxes, surcharges, fees, and fines as required by the Department of Revenue.

Management's Response

The Prothonotary responded as follows:

We will work on this. We thought that the due date was the 15th.

PROTHONOTARY
YORK COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

This report was initially distributed to:

The Honorable Thomas W. Wolf
Secretary
Department of Revenue

The Honorable Zygmunt Pines
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

Prothonotary
York County
45 North George Street
York, PA 17401

The Honorable Pamela S. Lee

Prothonotary

The Honorable Robert P. Greene

Controller

The Honorable Lori O. Mitrick

Chairwoman 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.