

CLERK OF THE COURT OF COMMON PLEAS

WESTMORELAND COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2006 TO DECEMBER 31, 2009

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**Department of the Auditor General
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER
AUDITOR GENERAL**

Independent Auditor's Report

The Honorable Daniel P. Meuser
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of the Clerk of the Court of Common Pleas, Westmoreland County, Pennsylvania (County Officer), for the period January 1, 2006 to December 31, 2009, pursuant to the requirements of Section 401(b) of *The Fiscal Code*, 72 P.S. § 401(b). 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 Section 401(b) 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 Section 401(b) of *The Fiscal Code*.

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 Commonwealth for the period ended December 31, 2009, in conformity with the criteria set forth in Note 1.

Independent Auditor's Report (Continued)

In accordance with *Government Auditing Standards*, we are required to report findings of significant 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 reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County Officer's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the County Officer's Statement that is more than inconsequential will not be prevented or detected by the County Officer's internal control. We consider the deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statement:

- Inadequate Accountability Over Funds Held In Escrow.
- Inadequate Internal Controls Over Receipts.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the County Officer's internal control. Our consideration of the internal control over reporting on the Statement would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider all significant deficiencies described above to be material weaknesses.

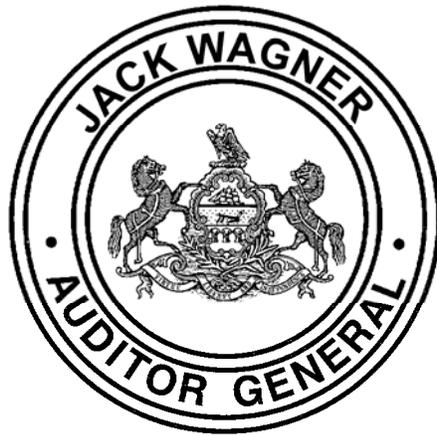
Independent Auditor's Report (Continued)

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

October 26, 2011

JACK WAGNER
Auditor General



CLERK OF THE COURT OF COMMON PLEAS
WESTMORELAND COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2009

Receipts:

Department of Transportation		
Title 75 Fines	\$	432,197
Overweight Fines		1,835
Department of Revenue Court Costs		143,812
Crime Victims' Compensation Costs		596,717
Crime Commission Costs/Victim Witness Services Costs		431,831
Department of Public Welfare		
Domestic Violence Costs		41,535
Emergency Medical Services Fines		31,864
DUI - ARD/EMS Fees		58,859
CAT/MCARE Fund Surcharges		277,954
Judicial Computer System/Access to Justice Fees		109,621
Offender Supervision Fees		1,695,756
Constable Service Surcharges		2,366
Criminal Laboratory Users' Fees		317,957
Probation and Parole Officers' Firearm Education Costs		38,436
Substance Abuse Education Costs		411,845
Office of Victims' Services Costs		67,136
Miscellaneous State Fines and Costs		<u>622,412</u>
 Total receipts (Note 2)		 5,282,133
 Disbursements to Commonwealth (Note 3)		 <u>(5,288,134)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 (6,001)
 Examination adjustments (Note 5)		 <u>6,771</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2006 to December 31, 2009	 <u>\$</u>	 <u>770</u>

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

CLERK OF THE COURT OF COMMON PLEAS
WESTMORELAND COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2009

1. Criteria

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

The Statement 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.

2. Receipts

Receipts are comprised of fines, costs, fees, and surcharges collected on behalf of the Commonwealth. 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.

3. Disbursements

Total disbursements are comprised as follows:

Clerk of the Court checks issued to:

Department of Revenue	\$ 5,017,481
Office of the Attorney General	18,904
Commonwealth of Pennsylvania	1,611
Department of the Auditor General	40
Department of Transportation	4,275
Department of Public Welfare	2,396
Liquor Control Board	5,238
Office of Inspector General	4,475
State Police	42,402
Turnpike Commission	1,169
Department of Treasury	189,502
Department of Corrections	10
Commission on Crime and Delinquency	631
	<hr/>
Total	<u><u>\$ 5,288,134</u></u>

CLERK OF THE COURT OF COMMON PLEAS
WESTMORELAND COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
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4. Balance Due Commonwealth (County) For The Period January 1, 2006 To December 31, 2009

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. Examination Adjustment

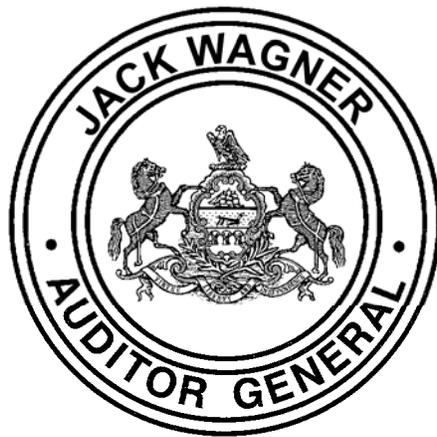
The examination adjustment of \$6,771 consists of the following:

In March 2008, a prior audit credit was taken in the amount of \$6,001 for the period January 1, 2000 to December 31, 2002.

During our current examination, we determined that there was a balance due to the Commonwealth of \$770 for interest earned on Commonwealth funds that was not remitted to the Department of Revenue.

6. County Officer Serving During Examination Period

Dave L. Patterson served as the Clerk of the Court of Common Pleas for the period January 1, 2006 to December 31, 2009.



CLERK OF THE COURT OF COMMON PLEAS
WESTMORELAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2009

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

Our examination of the accounting records for the office disclosed the following deficiencies in the internal controls over accountability over funds held in escrow:

- As of December 31, 2009, recorded obligations exceeded funds on hand in the checking accounts by \$188,749.
- Included in the above figure was an unidentified liability of \$168,764 appearing as a "Bank Account Adjustment – Unknown Recipient" on their escrow report.

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 funds 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.

Without a good system of internal controls over funds held in escrow, the possibility of funds being lost or misappropriated increases significantly.

Recommendations

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

Management's Response

The County Officer responded as follows:

The findings in this audit have been corrected or are currently in the process of being corrected. In addition, the county officer stated that the scope of this examination was January 1, 2006 to December 31, 2009, and that he did not take office until January 4, 2010.

Auditor's Conclusion

During our next examination we will determine if the office complied with our recommendations.

CLERK OF THE COURT OF COMMON PLEAS
WESTMORELAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2009

Finding No. 2 - Inadequate Internal Controls Over Receipts

Our review of the accounting records for the office disclosed the following deficiencies in the internal controls over receipts:

- Of 40 deposits tested, 10 were not deposited on the same day as collected. The time lapse from the date of receipt to the subsequent date of deposit ranged from two days to six days.

In addition, of 25 manual receipts tested, the following was noted:

- There was one instance 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 was 24 days.
- A manual receipt log was not maintained for manual receipt books used prior to June 2007.
- There were nine instances in which the manual receipt number was not entered into the computer system when the corresponding computer receipt was generated.

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

A good system of internal controls ensures that:

- All monies collected are deposited in the bank at the end of every day.
- Computer receipts are generated timely after the issuance of the corresponding manual receipts.
- A manual receipt log is maintained to document information that is recorded on the manual receipt, including date issued, date filed, case number, signature of the person receiving the payment, remitter name, payment source, and payment method. This will provide an audit trail on the issuance of the manual receipt.
- Manual receipt numbers are entered in the manual receipt number field on the computer when the corresponding computer receipts are generated.

CLERK OF THE COURT OF COMMON PLEAS
WESTMORELAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2009

Finding No. 2 - Inadequate Internal Controls Over Receipts (Continued)

Without a good system of internal controls over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

Recommendation

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

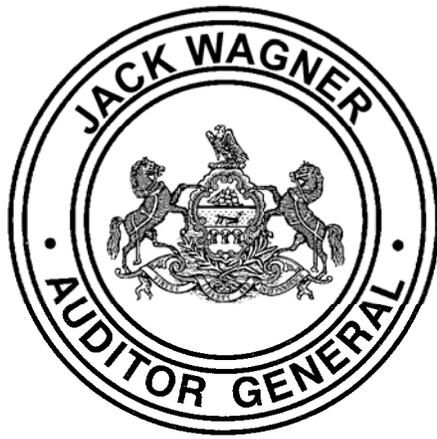
Management's Response

The County Officer responded as follows:

The findings in this audit have been corrected or are currently in the process of being corrected. In addition, the county officer stated that the scope of this examination was January 1, 2006 to December 31, 2009, and that he did not take office until January 4, 2010.

Auditor's Conclusion

During our next examination we will determine if the office complied with our recommendation.



CLERK OF THE COURT OF COMMON PLEAS
WESTMORELAND COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2009

This report was initially distributed to:

The Honorable Daniel P. Meuser
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

The Honorable Bryan L. Kline	Clerk of the Court of Common Pleas
The Honorable Carmen Pedicone	Controller
The Honorable Tom Balya	Chairman of the Board of Commissioners
The Honorable John Blahovec	President Judge

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.