



PROTHONOTARY  
LEBANON COUNTY  
EXAMINATION REPORT  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2010

**COMMONWEALTH OF PENNSYLVANIA**

**EUGENE A. DEPASQUALE - AUDITOR GENERAL**

**DEPARTMENT OF THE AUDITOR GENERAL**



Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
Facebook: Pennsylvania Auditor General  
Twitter: @PAAuditorGen

**EUGENE A. DePASQUALE**  
**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 Prothonotary, Lebanon County, Pennsylvania (County Officer), for the period January 1, 2006 to December 31, 2010, 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 Commonwealth for the period January 1, 2006 to December 31, 2010, in conformity with the criteria set forth in Note 1.

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 deficiency described in the finding below to be a significant deficiency in internal control over the reporting on the Statement:

- Inadequate Internal Controls Over Manual 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 the significant deficiency described above to be a material weakness.

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

Independent Auditor's Report (Continued)

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.

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale", with a long horizontal flourish extending to the right.

February 27, 2014

**EUGENE A. DEPASQUALE**  
Auditor General

# CONTENTS

	<u>Page</u>
Financial Section:	
Statement Of Receipts And Disbursements.....	1
Notes To The Statement Of Receipts And Disbursements.....	2
Finding and Recommendation:	
Finding - Inadequate Internal Controls Over Manual Receipts .....	5
Report Distribution .....	7

PROTHONOTARY  
LEBANON COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2010

Receipts:

Writ Taxes	\$ 6,848
Divorce Complaint Surcharges	21,070
Judicial Computer System/Access To Justice Fees	164,810
Protection From Abuse Surcharges and Contempt Fines	8,226
Criminal Charge Information System Fees	<u>5,758</u>
Total Receipts (Note 2)	206,712
Commissions (Note 3)	<u>(205)</u>
Net Receipts	206,507
Disbursements to Commonwealth (Note 4)	<u>(206,020)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	487
Examination adjustments (Note 6)	<u>(459)</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2006 to December 31, 2010	<u>\$ 28</u>

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

PROTHONOTARY  
LEBANON COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2010

1. Criteria

The Statement 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 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 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 surcharge imposed on all divorce decrees.
- Judicial Computer System/Access To Justice Fees represent a \$10 fee imposed for the filing of any legal paper to initiate a civil action or proceeding. These fees were increased to \$23.50 for the period December 8, 2009 to December 31, 2014.
- Protection From Abuse Surcharges represent a \$25 surcharge imposed against defendants when a protection order is granted as a result of a hearing. Effective May 9, 2006, the surcharge was increased to \$100. Protection From Abuse Contempt Fines represent fines of not less than \$100 nor more than \$1,000 imposed against a defendant who is found to be in violation of a protection from abuse order. Effective May 9, 2006, the fine was increased to a minimum of \$300 and maximum of \$1000.

PROTHONOTARY  
LEBANON COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2010

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 \$6.50 for the period January 1, 2006 to December 31, 2007, \$7.00 for the period January 1, 2008 to December 31, 2010. 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 Commonwealth.

4. Disbursements

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$ 200,290
Adminstrative Office of Pennsylvania Courts	<u>5,730</u>
Total	<u><u>\$ 206,020</u></u>

5. Balance Due Commonwealth (County) For The Period January 1, 2006 To December 31, 2010

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.



PROTHONOTARY  
LEBANON COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2010

6. Examination Adjustment

During our prior audit, January 1, 2003 to December 31, 2005, we determined that there was a balance due to the County of \$459. This balance due was taken in May 2008.

7. County Officer Serving During Examination Period

Lisa M. Arnold served as Prothonotary during the period January 1, 2006 to December 31, 2010.

PROTHONOTARY  
LEBANON COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2010

Finding - Inadequate Internal Controls Over Manual Receipts

Manual receipts are available to be issued in the event of a temporary power loss to the office's computer system. When the computer system is operating again, the manual receipt is replaced by an official computer-generated receipt and included in the daily receipts.

Our examination disclosed the following deficiency in the internal controls over manual receipts:

- No manual receipt log was maintained by this office from January 1, 2006 until February 15, 2008, therefore only six out of the ten manual receipts tested could be traced to the manual receipt log.

- 

Good internal accounting controls ensure that:

- A manual receipts 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.

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

Adherence to good internal accounting controls would have ensured adequate internal controls over receipts.

These conditions existed because the office failed to establish and implement an adequate system of internal controls over manual receipts.

Recommendation

We recommend that the office continue ensuring that the manual receipts log is maintained and completed as required by an adequate system of internal controls over manual receipts.

PROTHONOTARY  
LEBANON COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2010

Finding - Inadequate Internal Controls Over Manual Receipts (Continued)

Management's Response

The County Officer responded as follows:

On February 27, 2014, present during the exit interview, was myself and first deputies. We were asked to present a manual receipt log for compliance. Presented was an excel spreadsheet created for compliance as a result of a request in our last audit. Out of the test of ten (10) cases, four (4) cleared from the time period of 2006-2008, but a finding was still noted for this audit.

I would like it to be noted throughout any and all audits that I have been involved in, any suggestions that were presented to me either in my capacity as an Elected Official, Chief Deputy, or 1<sup>st</sup> Deputy, our compliance with a suggestion would have been put into place immediately and/or taken to a Department Head (MIS/IT), that designs our program of record keeping for compliance. To date a manual program existed and through a conversion and outsourcing is not up to a standard that would be considered compliant.

I wish for the final testing of this audit of ten cases, four cleared to be reversed because of our prior acts of good faith and immediate attention to information presented to me or my deputies during audit periods.

Auditor's Conclusion

Although we acknowledge a manual receipts log is now being maintained, it was not implemented until February 2008.

PROTHONOTARY  
LEBANON COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2006 TO DECEMBER 31, 2010

This report was initially distributed to:

The Honorable Daniel P. Meuser  
Secretary  
Pennsylvania Department of Revenue

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

The Honorable Lisa M. Arnold	Prothonotary
The Honorable Robert M. Mettley	Controller
The Honorable Jo Ellen Litz	Chairperson of the Board of Commissioners

This report is a matter of public record and is available online at <http://www.auditorgen.state.pa.us>. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: [news@auditorgen.state.pa.us](mailto:news@auditorgen.state.pa.us).