

ATTESTATION ENGAGEMENT

Clerk of the Court of Common Pleas and Bureau of Fines and Costs and Probation Services

Dauphin County, Pennsylvania

For the Period

January 1, 2008 to December 31, 2013

February 2015



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Eileen McNulty
Acting 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 and Bureau of Fines and Costs and Probation Services, Dauphin County, Pennsylvania (County Officer), for the period January 1, 2008 to December 31, 2013, pursuant to the requirements of Section 401(b) of *The Fiscal Code*, 72 P.S. § 401(b). The County Offices' management is responsible for this Statement. 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 and, accordingly, included 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*.

Independent Auditor's Report (Continued)

In our opinion, the Statement referred to above presents, in all material respects, the operations of the County Officers as it pertains to receipts made on behalf of the Commonwealth for the period January 1, 2008 to December 31, 2013, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Statement; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Statement. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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 internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

Our consideration of internal control over reporting on the Statement was for the limited purpose of expressing an opinion on whether the Statement is presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control over reporting on the Statement that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency listed below to be a material weakness.

- Inadequate Internal Controls Over Manual Receipts - Probation Services - Recurring.

As part of obtaining reasonable assurance about whether the Statement is free from material misstatement, we performed tests of the County Offices' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion.

Independent Auditor's Report (Continued)

We are concerned that Probation Services' failed to correct a previously reported finding regarding inadequate controls over manual receipts. The failure to implement an adequate system of internal controls over manual receipts increases the risk for funds to be lost or misappropriated. The County Officer should strive to implement the recommendation and corrective action noted in this examination report.

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 Officers and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the courtesy extended by the Clerk of Court of Common Pleas/Bureau of Fines and Costs/Probation Services, Dauphin County, to us during the course of our examination. If you have any questions, please feel free to contact Michael B. Kashishian, CPA, CGAP, CFE, Director, Bureau of County Audits, at 717-787-1363.



Eugene A. DePasquale
Auditor General

September 23, 2014

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CLERK OF THE COURT OF COMMON PLEAS/BUREAU OF FINES AND COSTS AND
PROBATION SERVICES
DAUPHIN COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

Receipts:

Department of Transportation		
Title 75 Fines	\$	765,447
Overweight Fines		7,237
Department of Revenue Court Costs		408,845
Crime Victims' Compensation Costs		986,057
Crime Commission Costs/Victim Witness Services Costs		651,069
Domestic Violence Costs		127,197
Emergency Medical Services Fines		94,193
DUI - ARD/EMS Fees		68,569
CAT/MCARE Fund Surcharges		495,924
Judicial Computer System/Access to Justice Fees		418,144
Offender Supervision Fees		3,077,968
Constable Service Surcharges		342
Criminal Laboratory Users' Fees		165,876
Probation and Parole Officers' Firearm Education Costs		89,622
Substance Abuse Education Costs		626,740
Office of Victims' Services Costs		128,450
Miscellaneous State Fines and Costs		<u>5,052,094</u>
 Total receipts (Note 2)		 13,163,774
 Disbursements to Commonwealth (Note 3)		 <u>(13,164,824)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 (1,050)
 Examination adjustments (Note 5)		 <u>1,050</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2008 to December 31, 2013		 <u><u>\$ -</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS AND BUREAU OF FINES AND COSTS
AND PROBATION SERVICES
DAUPHIN COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

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	\$ 12,588,785
Commonwealth of Pennsylvania	1,817
Department of Community and Economic Development	22,000
State Workers Insurance Fund	35,901
Administrative Office of Pennsylvania Courts	660
State Police	724
Commission on Crime and Delinquency	2
Department of Treasury	513,584
Department of General Services	917
Department of Corrections	280
Department of Transportation	154
	154
Total	\$ 13,164,824

CLERK OF THE COURT OF COMMON PLEAS AND BUREAU OF FINES AND COSTS
AND PROBATION SERVICES
DAUPHIN COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

4. Balance Due Commonwealth (County) For The Period January 1, 2008 To December 31, 2013

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

During our prior audit, January 1, 2004 to December 31, 2007, we determined that there was a balance due to the Commonwealth of \$1,050. This balance due was paid to the Department of Revenue in July 2009.

6. County Officers Serving During Examination Period

Lowell Witmer served as the Clerk of the Court of Common Pleas for the period January 1, 2008 to September 30, 2009.

Jaqueline Ridinger served as the Clerk of the Court of Common Pleas for the period October 1, 2009 to October 19, 2010.

Dale E. Klein served as the Clerk of the Court of Common Pleas for the period October 20, 2010 to December 31, 2013.

Mariann T. Lawrence served as the Director of the Bureau of Fines and Costs for the period January 1, 2008 to December 31, 2013.

Terry L. Davis served as the Director of Probation Services for the period January 1, 2008 to January 31, 2008.

This position was vacant for the period February 1, 2008 to March 29, 2008.

Michael Potteiger served as the Director of Probation Services for the period March 30, 2008 to December 16, 2011.

James Gunderman served as the Acting Director of Probation Services for the period December 17, 2011 to March 26, 2012.

Chadwick J. Libby served as the Director of Probation Services for the period March 27, 2012 to December 31, 2013.

CLERK OF THE COURT OF COMMON PLEAS AND BUREAU OF FINES AND COSTS
AND PROBATION SERVICES
DAUPHIN COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

**Finding - Inadequate Internal Controls Over Manual Receipts - Probation Services -
Recurring**

We cited the issue of inadequate internal controls over manual receipts in the last three examination reports, with the most recent for the period January 1, 2004 to December 31, 2007. Our current examination found that the office did not correct this issue.

Manual receipts are available to be issued by Probation Services 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 deficiencies in the internal controls over manual receipts:

Of 75 receipts tested, we noted the following:

- There were 25 instances 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 ranged from 3 days to 14 days.
- The docket number for 4 manual receipts was not recorded on the corresponding manual receipts log.
- There were 25 instances in which the manual receipt number was not entered into the computer system when the corresponding computer receipt was generated.
- There were 8 instances in which the manual receipt was not issued in numerical sequence.

These conditions existed because the office ignored our three prior audit recommendations and failed to establish and implement an adequate system of internal controls over manual receipts.

CLERK OF THE COURT OF COMMON PLEAS AND BUREAU OF FINES AND COSTS
AND PROBATION SERVICES
DAUPHIN COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

**Finding - Inadequate Internal Controls Over Manual Receipts - Probation Services -
Recurring (Continued)**

Good internal accounting controls ensure that:

- Computer receipts are generated timely after the issuance of the corresponding manual receipts.
- All required docket information is recorded on the manual receipts log sheet.
- All manual receipt numbers are entered into the computer system when the corresponding computer receipt is generated.
- Manual receipts are issued in numerical sequence.

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.

Recommendation

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

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the office comply with our recommendation. During our next examination we will determine if the office complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS AND BUREAU OF FINES AND COSTS
AND PROBATION SERVICES
DAUPHIN COUNTY
SUMMARY OF PRIOR EXAMINATION FINDINGS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

Summary Of Prior Examination Findings

During our prior examination, we recommended:

- That the Bureau of Fines and Costs maintain all records until after they have been subject to examination by the Department of the Auditor General.
- That the Probation and Parole Office establish and implement procedures to ensure that all receipts are properly maintained and accounted for.
- That the Bureau of Fines and Costs establish and implement an adequate system of internal controls over manual receipts.
- That Probation Services establish and implement an adequate system of internal controls over manual receipts as noted above.

During our current examination, we noted that the office complied with our first three bulleted recommendations. However, the office did not comply with our forth bulleted recommendation. Please see the current examination finding for additional information.

CLERK OF THE COURT OF COMMON PLEAS AND BUREAU OF FINES AND COSTS
AND PROBATION SERVICES
DAUPHIN COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2013

This report was initially distributed to:

The Honorable Eileen McNulty
Acting Secretary
Pennsylvania Department of Revenue

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

Mr. Thomas J. Dougherty
Director
Division of Grants and Standards
Pennsylvania Board of Probation and Parole

The Honorable Dale E. Klein	Clerk of the Court of Common Pleas
The Honorable Marie E. Rebuck	Controller
The Honorable Jeff Haste	Chairperson of the Board of Commissioners
Ms. Mariann T. Lawrence	Director, Bureau of Fines and Costs
Mr. Chadwick J. Libby	Director, Probation Services

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.