

# CLERK OF THE COURT OF COMMON PLEAS

BERKS COUNTY

**EXAMINATION REPORT** 

FOR THE PERIOD

JANUARY 1, 2002 TO MAY 31, 2005

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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 Clerk of The Court of Common Pleas, Berks County, Pennsylvania (County Officer), for the period January 1, 2002 to May 31, 2005, pursuant to the requirements of Section 401(b) of *The Fiscal Code*. 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 reported and promptly transmitted. *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 Officer as it pertains to receipts made on behalf of the Department of Revenue and other state agencies for the period ended May 31, 2005, 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 previously reported findings regarding inadequate controls over the bank account. The County Officer should strive to implement the recommendations and corrective action noted in this examination report. During our current examination, we noted several significant weaknesses in the internal controls over the bank accounts that need corrective action. These significant deficiencies increase 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.

August 2, 2007

JACK WAGNER Auditor General

# CLERK OF THE COURT OF COMMON PLEAS BERKS COUNTY

# STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD

## JANUARY 1, 2002 TO MAY 31, 2005

### Receipts:

Department of Transportation			
Title 75 Fines	\$ 172,183		
Overweight Fines	1,298		
Costs	75		
Department of Revenue Court Costs	139,228		
Crime Victims' Compensation Costs	214,952		
Crime Commission Costs/Victim Witness Services Costs	198,156		
Department of Public Welfare			
Domestic Violence Costs	32,860		
Costs	21,694		
Emergency Medical Services Fines	23,543		
DUI - ARD/EMS Fees	40,714		
CAT/MCARE Fund Surcharges	205,954		
Judicial Computer System/Access to Justice Fees	29,435		
Offender Supervision Fees	1,498,679		
Constable Service Surcharges	354		
Criminal Laboratory Users' Fees	52,885		
Probation and Parole Officers' Firearm Education Costs	36,648		
Substance Abuse Education Costs	113,249		
Office of Victims' Services Costs	11,217		
Miscellaneous State Fines and Costs	54,763		
Commonwealth of Pennsylvania Costs	141		
Office of Attorney General Costs	10,385		
Office of Inspector General Costs	112,099		
Commission on Crime and Delinquency Costs	269		
Department of Conservation and Natural Resources Costs	92,500		
Department of Corrections Costs	62		
Department of Labor and Industry Costs	100		
Department of Revenue Costs	2,695		
State Police Costs	6,647		
Total receipts (Note 2)		\$	3,072,785
Total receipts (Note 2)		φ	3,072,763
Disbursements to Commonwealth (Note 3)			(3,073,470)
Balance due Commonwealth (County)			
per settled reports (Note 4)			(685)
			` ,
Examination adjustments (Note 5)			685
Adjusted balance due Commonwealth (County)			
for the period January 1, 2002 to May 31, 2005		\$	-

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

### CLERK OF THE COURT OF COMMON PLEAS BERKS COUNTY

# NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD

JANUARY 1, 2002 TO MAY 31, 2005

#### 1. Criteria

The Statement of Receipts and Disbursements (Statement) has been prepared in accordance with Title 72 P.S. Section 401 (b) of *The Fiscal Code*, 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 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 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 Department of Revenue and other state agencies. 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	\$ 2,829,498
Commonwealth of Pennsylvania	141
Department of Public Welfare	21,694
Office of Attorney General	10,385
Office of Inspector General	112,099
Commission on Crime and Delinquency	269
Department of Conservation and Natural Resources	92,500
Department of Corrections	62
Department of Labor and Industry	100
Department of Transportation	75
State Police	6,647
Total	\$ 3,073,470

### CLERK OF THE COURT OF COMMON PLEAS BERKS COUNTY

# NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD

JANUARY 1, 2002 TO MAY 31, 2005

### 4. Balance Due Commonwealth (County) For The Period January 1, 2002 To May 31, 2005

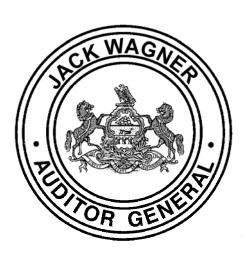
This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects a summary of any receipts disbursed directly to other state agencies.

## 5. <u>Examination Adjustments</u>

During our prior audit, January 1, 1998 to December 31, 2001, we determined that there was a balance due to the Commonwealth of \$685. This balance due was paid to the Department of Revenue in May 2003.

## 6. County Officer Serving During Examination Period

James P. Troutman served as the Clerk of The Court of Common Pleas for the period January 1, 2002 to May 31, 2005.



# CLERK OF THE COURT OF COMMON PLEAS BERKS COUNTY FINDINGS AND RECOMMENDATIONS FOR THE PERIOD JANUARY 1, 2002 TO MAY 31, 2005

### Finding No. 1 - Inadequate Internal Controls Over The Bank Accounts

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

- There was no adequate accountability over undisbursed funds.
- There were 2,322 stale checks in the general account totaling \$92,381 dated from August 13, 2001 to May 13, 2005 that were still outstanding as of the date of our testing, December 7, 2006.
- There were 205 stale checks in the old general account totaling \$7,034 dated from August 1, 2000 to August 13, 2001 that were still outstanding as of the date of our testing, December 7, 2006.

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

A good system of internal control ensures that:

- The ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the bank account of the office is essentially an escrow account on behalf of the Commonwealth, County, and other participating entities, all available cash on hand should equal unpaid obligations.
- Adequate procedures are established to follow-up on all stale checks. If a
  check is outstanding for a period over 90 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 potential is increased that funds could be lost, stolen, or misappropriated.

The condition in bullet one was cited in our last two audit periods, the most recent ending December 31, 2001. The conditions in bullets two and three were cited in our last three audit periods, the most recent ending December 31, 2001.

# CLERK OF THE COURT OF COMMON PLEAS BERKS COUNTY FINDINGS AND RECOMMENDATIONS FOR THE PERIOD JANUARY 1, 2002 TO MAY 31, 2005

### Finding No. 1 - Inadequate Internal Controls Over The Bank Accounts (Continued)

#### Recommendation

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

#### Management's Response

The Clerk of the Court responded as follows:

In response to stale checks, the Clerk of Courts office voided 1,165 checks out of the 2,322 stale checks from the general account and escheated them to PA Dept. of Treasury on the April 2007 Escheatment report. Also voided and escheated were 176 checks from the old general account. The auditor received a combined list of the voided checks from both accounts at the exit conference. In addition, they received a list of 1,105 voided checks from the general account that will be sent to PA Dept. of Treasury by September 30, 2007 as an early unclaimed property report.

In response to the cash balance reconciliation the Clerk of Courts office will try to find the reports on the AOPC's Common Pleas Criminal Court Case Management System that will enable them to reconcile the general account's cash balance to the undisbursed receipts on a monthly basis.

#### Auditor's Conclusion

It should be noted that the information supplied to the auditors at the exit conference had no effect on the conditions cited in the finding.

## CLERK OF THE COURT OF COMMON PLEAS BERKS COUNTY FINDINGS AND RECOMMENDATIONS FOR THE PERIOD JANUARY 1, 2002 TO MAY 31, 2005

# <u>Finding No. 2 - Inadequate Procedures Utilized In Assessing Constable Education And Training Surcharge</u>

Our examination disclosed that the office did not assess the Constable Education and Training Surcharge (Surcharge) as mandated by law. Our testing revealed that this Surcharge was not assessed in 36 of 60 cases tested.

Effective June 15, 1994, Title 42 Pa.C.S.A. § 2949 (b) provides for the collection of the Surcharge. If service is performed by a constable or deputy constable, a \$5 fee per docket for criminal and summary cases shall be maintained and collected.

The failure to assess the Surcharge occurred because the office was not aware or up-to-date on laws and regulations regarding the proper assessment of the Surcharge.

The failure to assess the Surcharge resulted in the defendant not being assessed the proper amount of surcharge associated with the violation; which caused a loss of revenue to the Commonwealth.

#### Recommendation

We recommend that the office review the law noted above to ensure the Surcharge is assessed as mandated by law.

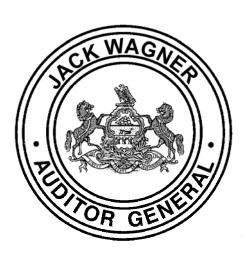
### Management's Response

The Clerk of the Court responded as follows:

The Clerk of Courts office feels this finding should be an oral comment since Act 44 [Act establishing the Constable Education and Training Surcharge] was never brought to our attention in prior audits by the State. The office began assessing the applicable cases the \$5 fee on August 17, 2007.

#### **Auditor's Conclusion**

It is the responsibility of the Clerk of Courts' office to assess all applicable surcharges as mandated by law. During our next examination, we will determine if the office complied with our recommendation.



# CLERK OF THE COURT OF COMMON PLEAS BERKS COUNTY REPORT DISTRIBUTION FOR THE PERIOD JANUARY 1, 2002 TO MAY 31, 2005

This report was initially distributed to:

The Honorable Thomas W. Wolf Secretary Department of Revenue

Mr. Richard Dash Chief Officer of Fiscal Services Pennsylvania Board of Probation and Parole 1101 South Front Street Harrisburg, PA 17104-2520

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

Clerk of The Court of Common Pleas Berks County Berks County Courthouse 633 Court Street, 4<sup>th</sup> Floor Reading, PA 19601

The Honorable James P. Troutman Clerk of The Court of Common Pleas

The Honorable Sandy Graffius Controller

The Honorable Judith L. Schwank

Chairperson 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.